

**NOTICE OF SALE
TOWNSHIP OF LUMBERTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY
\$4,750,000 GENERAL OBLIGATION BONDS, SERIES 2017
(Book-Entry-Only) (Callable)
(Bank Qualified)**

ELECTRONIC PROPOSALS (the "Proposals"), via BiDCOMP/PARITY Competitive Bidding System ("PARITY") only, will be received in the manner described below by the Chief Financial Officer of the Township of Lumberton, in the County of Burlington, New Jersey (the "Township"), on **March 7, 2017** until 11:00 a.m., New York City time, at which time they will be announced for the purchase of the Township's \$4,750,000 aggregate principal amount of General Obligation Bonds, Series 2017 (the "Bonds"). Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

Terms of the Bonds

The Bonds will be dated the date of delivery (which is expected to be March 16, 2017), and will bear interest at the rate or rates per annum specified by the successful bidder therefor in accordance herewith, payable semi-annually on February 1st and August 1st of each year, commencing August 1, 2017, until maturity or earlier redemption. The Bonds will mature, subject to prior redemption, on February 1 in the years and in the amounts set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2018	\$125,000	2031	\$205,000
2019	\$125,000	2032	\$210,000
2020	\$125,000	2033	\$215,000
2021	\$125,000	2034	\$220,000
2022	\$125,000	2035	\$225,000
2023	\$125,000	2036	\$230,000
2024	\$125,000	2037	\$235,000
2025	\$125,000	2038	\$245,000
2026	\$185,000	2039	\$245,000
2027	\$190,000	2040	\$250,000
2028	\$195,000	2041	\$250,000
2029	\$200,000	2042	\$250,000
2030	\$200,000		

* Subject to Adjustment as provided herein.

The Township reserves the right to increase or decrease the aggregate principal amount of the Bonds by an amount not to exceed ten percent (10%) as the Township deems necessary or advisable in order to accomplish the purposes for which the Bonds were issued. No single maturity will be increased or decreased more than ten percent (10%). If the Township elects to increase or decrease the aggregate principal amount of the Bonds and the proposal of the Successful Bidder contains original issue premium for any maturity or maturities of the Bonds,

the final purchase price of the Bonds will be adjusted to reflect the total dollar amount of original issue premium on the principal amount of each maturity or maturities of the Bonds. No increase or decrease in the aggregate principal amount of the Bonds as described in this paragraph will affect the basis upon which the Township determines to award the Bonds to the Successful Bidder as described below.

Term Bond Option

The Bonds will be issued as serial bonds. There is no option for term bonds.

Optional Redemption Provisions

The Bonds maturing prior to February 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on or after February 1, 2028 are subject to redemption prior to maturity at the option of the Township, as a whole at any time or in part from time to time on or after February 1, 2027, in such order of maturity as the Township may direct at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by first class mail postage prepaid to the registered owners of the Bonds not less than thirty (30) days but not more than sixty (60) days prior to the redemption date. So long as the Bonds are in book-entry form such notice will be mailed to DTC as the registered owner of the Bonds. Any failure of DTC to advise any of its participants or any failure of any participant to notify any beneficial owner of any redemption shall not affect the validity of the redemption proceedings.

Security for the Bonds

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and the interest thereon. The Bonds are payable, if not paid from other sources, from ad valorem taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount.

Book-Entry Only System

All bidders for the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants. The Bonds will be issued in the form of one certificate for the aggregate principal amount of Bonds maturing in each year and will be payable as to both principal and interest in lawful money of the United States of America. Each certificate will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository. The certificate will be deposited with DTC which will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchases. Individual purchases may be made in the principal amount of \$5,000 or any multiple of \$1,000 in excess thereof through book entries made on the books and records of DTC and its participants.

Payments of principal and interest on the Bonds will be made to DTC or its authorized nominee. The DTC will credit payments of principal of and interest on the Bonds to the participants of DTC as listed on the records of DTC.

In the event (a) DTC determines not to continue to act as Securities Depository for the Bonds or (b) the Township determines that continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Township will discontinue the book-entry system with DTC. If the Township fails to identify another qualified securities depository to replace DTC, the Township will deliver replacement bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Bids may be submitted electronically via PARITY in accordance with this Notice of Sale, until 11:00 a.m., New York City time, on March 7, 2017, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. The Township may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the Township and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the Township, the terms of the Proposal for Bonds and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the bidder.

3. The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (New York City Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the Township as described above, each bid will constitute a Proposal for Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For

purposes of submitting electronic bids, the time as maintained on PARITY shall constitute the official time.

5. Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor PARITY shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the Township nor PARITY shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Township harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Bid Specifications

Each Proposal must specify a rate of interest for each maturity of the Bonds which rate of interest must be expressed in multiples of one-eighth ($1/8$) or one-twentieth ($1/20$) of one percent (1%). Not more than one rate may be named for Bonds of the same maturity. The difference between the highest and lowest rates of interest named shall not exceed two and one half percent (2.5%). Each Proposal submitted must be for all of the Bonds and the purchase price specified in the proposal must be not less than 100% of the aggregate par value of the Bonds or for more than 110% of the aggregate par value of the Bonds.

Award, Delivery and Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed, as to each bid, by determining the interest rate, compounded semi-annually, necessary to discount the debt service payments to the date of the Bonds and to the price bid, excluding interest accrued to the delivery date. No Proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest true interest cost to the Township under any legally acceptable proposal. If two or more such bidders offer to pay the lowest true interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the "Successful Bidder." It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about, March 16, 2017 at the offices of Capehart & Scatchard, P.A., bond counsel to the Township ("Bond Counsel"), in Mount Laurel, New Jersey or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each maturity of each type of bond. PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

Change of Bid Date and Closing Date

The Township reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). In addition, the Township reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3. A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by 12:00 Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids. On any such alternative date and time for receipt of bids, the Township will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right to Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The Township reserves the right to reject any or all Proposals and so far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Deposit

A good faith deposit (the "Deposit"), in the form of a certified, cashier's or treasurer's check or wire transfer in the amount of \$95,000 is required for each bid for the Bonds to be considered. If a check is used, it must be a certified, cashier's or treasurer's check and must be provided to the Township by 10:45 a.m., New Jersey time, on the Bid Date at the address referred to above. If a wire transfer is used, the transfer must be completed and receipt confirmed by the Township by 10:45 a.m., New Jersey time, on the Bid Date. Bidders sending a wire transfer should contact either Robin Sarlo, Chief Financial Officer at 609-267-3217, extension 109 or Heather Litzebauer of NW Financial, LLC, the Township's financial advisor, at 201-656-0115 for wire instructions. **If a check is used, it must be a certified, treasurer's or cashier's check and must be provided to the Township no later than by 10:45 a.m. on the Bid Date. Each bidder accepts responsibility for delivering such check on time and the Township is not responsible for any check that is not received on time.** The Deposit of the Successful Bidder will be collected and the proceeds thereof retained by the Township to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the Successful Bidder shall fail to comply with the terms of its respective bid, the proceeds thereof will be retained as and for full liquidated damages. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within five hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay for the Bonds. The CUSIP Service Bureau charges for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the Successful Bidder. The same series of CUSIP numbers will be assigned to the General Improvement Bonds and the Utility Bonds.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW. THE SUCCESSFUL BIDDER MUST SELL TO THE PUBLIC 10% OR MORE IN PAR AMOUNT OF THE RESPECTIVE SERIES OF THE BONDS FROM EACH MATURITY THEREOF AT THE INITIAL REOFFERING PRICES.

The Successful Bidder shall within thirty (30) minutes after being notified of the award of the Bonds, advise the Township in writing (via facsimile transmission) of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The Successful Bidder must, by facsimile transmission or delivery received by the Township within twenty-four (24) hours after notification of the award, furnish the following information to the Township to complete the Official Statement in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the Successful Bidder advised the Township that the Bonds were initially offered to the public).

B. The identity of the underwriters if the Successful Bidder is part of a group or syndicate.

C. Any other material information that the Township determines is necessary to complete the Official Statement in final form. After the award of the Bonds, the Township will prepare copies of the final Official Statement and will include therein such additional

information concerning the reoffering of the Bonds as the Successful Bidder may reasonably request. The Successful Bidder will be responsible to the Township in all aspects for the accuracy and completeness of information provided by such Successful Bidder with respect to such reoffering.

The Successful Bidder shall be obligated to furnish to the Township within forty-eight (48) hours prior to the date of delivery of the Bonds a certificate satisfactory to Bond Counsel to the Township to the effect that: (i) each maturity of the Bonds has been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price set forth in such certificate; (ii) ten percent (10%) or more in par amount of the Bonds of each maturity were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price for such maturity set forth in such certificate; and (iii) at the time the Successful Bidder submitted its bid to the Township, based upon then prevailing market conditions, the Successful Bidder had no reason to believe that any maturity of the Bonds would be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a price greater than the initial public offering price for that maturity, or that the fair market of any maturity of the Bonds would be in excess of the initial public offering price for that maturity. Such certificate shall state that it is made to the best knowledge, information and belief of the Successful Bidder.

Legal Opinions

The obligations hereunder to pay for and to accept delivery of the Bonds shall be conditioned on the availability and the delivery at the time of delivery of the Bonds of the approving opinion of the law firm of Capehart & Scatchard, P.A. Trenton, New Jersey, Bond Counsel to the Township, which will be furnished without cost to the Successful Bidder, substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds. Such opinion shall state to the effect that the Bonds are valid and legally binding obligations of the Township, and that all the taxable property therein will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, to pay the principal of the Bonds and the interest thereon; and will also state that under existing law, interest on the Bonds is excluded from gross income for purposes of Federal income taxation.

Concerning the Preliminary Official Statement

The Township has issued an Official Statement with respect to the sale of the Bonds in preliminary form (the "Preliminary Official Statement") which the Township has deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted by other applicable law. The Preliminary Official Statement may be accessed via the Internet at www.govdebt.net. A printed version is also available upon request made to the Chief Financial Officer of the Township at 609-267-3217, ext. 109.

Official Statement

The Township agrees to provide the Successful Bidder with up to one hundred (100) copies of the final Official Statement adopted by the Township in relation to the sale by the Township of the Bonds within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the Township, with any additional copies which the Successful Bidder shall reasonably request to be provided at the sole cost and expense of the Successful Bidder.

Continuing Disclosure

In order to assist the Successful Bidder in complying with Rule 15c2-12, the Township agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the Township shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

Dated: February __, 2017

Robin Sarlo,
Chief Financial Officer
Township of Lumberton, in the
County of Burlington, New Jersey

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 21, 2017

In the opinion of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel, assuming continuing compliance by the Township of Lumberton, County of Burlington, New Jersey ("Township") with certain tax covenants described herein, under existing law, interest on the Bonds (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code. In the case of certain corporations that own the Bonds, the interest thereon is not excludable in computing the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings". In addition, interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds (hereinafter defined) 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.

\$4,750,000
TOWNSHIP OF LUMBERTON
County of Burlington, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
(Bank Qualified) (Callable)

The Township of Lumberton, County of Burlington, New Jersey ("Township") is issuing \$4,750,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("Bonds"). The Bonds shall be issued in fully registered book-entry-only form without coupons.

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

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinance 2016-14 ("Bond Ordinance"), duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on January 3, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on March __, 2017.

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment authorized by the Bond Ordinance; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds. See "PURPOSE OF THE ISSUE" herein.

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

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

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by George Morris, Esquire, Solicitor. NW Financial Group, LLC, Hoboken, New Jersey, has acted as Financial Advisor to the Township in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about March 16, 2017.

MATURITY SCHEDULES

\$4,750,000 **GENERAL OBLIGATION BONDS, SERIES 2017**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2018	\$125,000	%	%	2031	\$205,000	%	%
2019	125,000			2032	210,000		
2020	125,000			2033	215,000		
2021	125,000			2034	220,000		
2022	125,000			2035	225,000		
2023	125,000			2036	230,000		
2024	125,000			2037	235,000		
2025	125,000			2038	245,000		
2026	185,000			2039	245,000		
2027	190,000			2040	250,000		
2028	195,000			2041	250,000		
2029	200,000			2042	250,000		
2030	200,000						

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

Mayor and Township Committee
Sean Earlen, Mayor
James Conway, Jr., Deputy Mayor
Lewis Jackson, Committeeperson
Kristin Januseski, Committeeperson
Michael Mansdoerfer, Committeeperson

Township Administrator/Deputy Clerk
Brandon Umba

Chief Financial Officer/Tax Collector
Robin Sarlo

Municipal Clerk/Registrar
Debra Shaw-Blemings

Solicitor
George Morris, Esquire
Mount Laurel, New Jersey

Auditor
Bowman & Company LLP
Voorhees, New Jersey

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

Financial Advisor
NW Financial Group, LLC
Hoboken, New Jersey

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or any underwriter.

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

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

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

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
AUTHORIZATION FOR THE BONDS	1
PURPOSE OF THE ISSUE	1
DESCRIPTION OF THE BONDS	2
General	2
Redemption Provisions	2
Book-Entry-Only System	3
Discontinuance of Book-Entry-Only System	6
SECURITY FOR THE BONDS	6
GENERAL INFORMATION REGARDING THE TOWNSHIP	6
General	6
Financial	6
CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT	7
Local Bond Law	7
Local Fiscal Affairs Law	8
Local Budget Law	9
Miscellaneous Revenues	10
Real Estate Taxes	10
Deferral of Current Expenses	11
Budget Transfers	11
Capital Budget	12
Related Constitutional and Statutory Provisions	12
Rights and Remedies of Owners of Bonds	12
Limitation of Remedies Under Federal Bankruptcy Code	13
TAXATION	14
Procedure for Assessment and Collection of Taxes	14
Tax Appeals	14
TAX MATTERS	15
Federal	15
New Jersey	16
Changes in Federal and State Tax Law	16
LITIGATION	17
RATING	17
PREPARATION OF OFFICIAL STATEMENT	18
UNDERWRITING	18
LEGALITY FOR INVESTMENT	18
NO DEFAULT	19
FINANCIAL ADVISOR	19
CONTINUING DISCLOSURE	19
LEGAL MATTERS	20
ADDITIONAL INFORMATION	20
APPENDIX A: CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF LUMBERTON	
APPENDIX B: COMPILED AND AUDITED FINANCIAL STATEMENTS AND SELECTED FINANCIAL INFORMATION OF THE TOWNSHIP OF LUMBERTON	
APPENDIX C. FORMS OF BOND COUNSEL OPINIONS	

OFFICIAL STATEMENT

\$4,750,000
TOWNSHIP OF LUMBERTON, COUNTY OF BURLINGTON, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2017
(Bank Qualified) (Callable)

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Lumberton, County of Burlington, New Jersey ("Township") of its \$4,750,000 aggregate principal amount of its General Obligation Bonds, Series 2017 ("Bonds").

AUTHORIZATION FOR THE BONDS

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinance 2016-14 ("Bond Ordinance"), duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on January 3, 2017; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on the date hereof.

PURPOSE OF THE ISSUE

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and equipment authorized by the Bond Ordinance, all as more particularly described in the Table below; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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

General Improvement Bonds

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Bonds to be Issued
2016-14	Constructing and Equipping New Public Safety Building	\$4,750,000	\$0	\$4,750,000
TOTAL		\$4,750,000	\$0	\$4,750,000

DESCRIPTION OF THE BONDS

General

The Bonds will be issued in the aggregate principal amount of \$4,750,000.

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

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month immediately 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 Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Paying Agent, or the Township.

Redemption Provisions

The Bonds maturing on and after February 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 February 1, 2027, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the redemption date.

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 address, if any, appearing on the registration books of the Paying Agent. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the 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 Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the 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 Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a 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 Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System¹

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

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

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

¹ Source: The Depository Trust Company

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township, the Paying Agent, or its hereafter designated paying agent for the Notes, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy

assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if any, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township, or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township, or the 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 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 Bonds at any time by giving reasonable notice to the Township, or the 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 THE 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 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry-Only System

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

SECURITY FOR THE BONDS

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

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

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

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

Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2016 and (b) audited financial statements of the Township for the years ended December 31, 2015, 2014, 2013 and 2012. The compiled and 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, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2016 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

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

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

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

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3)

of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

Local Fiscal Affairs Law

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

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 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. The Annual Compiled Financial Statement for the year ended December 31, 2016 is on file with the Township Clerk and is available for review during business hours.

Local Budget Law

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

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

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

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

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

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the

total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 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%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

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

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%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

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

Budget Transfers

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

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

Rights and Remedies of Owners of Bonds

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

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO

THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Township was for the year 2007.

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

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

Tax Appeals

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

TAX MATTERS

Federal

In the opinion of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township, assuming continuing compliance by the Township with the tax covenants described below, under existing law, interest on the Bonds 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 Bonds is included in computing a corporation's "adjusted current earnings." Accordingly, a portion of the interest on the 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 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 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 Bond Ordinances, and 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 Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. 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 Bonds that may affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an

interest in a financial asset securitization investment trust, 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 Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by 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 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 will designate the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code.

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

Changes in Federal and State Tax Law

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

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

LITIGATION

Upon delivery of the Bonds, the Township shall furnish an opinion of its Solicitor, George Morris, Esquire, of the law firm Parker McCay P.A., Mt. Laurel, New Jersey, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been otherwise disclosed in this Official Statement.

RATINGS

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies ("Rating Agency"), has assigned a rating of "AA" to the Bonds, based upon the creditworthiness of the Township.

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

PREPARATION OF OFFICIAL STATEMENT

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

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

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

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 compiled and audited financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Accountant's Compilation Report.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, as underwriter ("Underwriter"), pursuant to a Certificate of Determination and Award, dated March __, 2017. The Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields [or prices] set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and

loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds of the Township, including the Bonds, and such bonds 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 of the Township.

FINANCIAL ADVISOR

NW Financial Group, LLC, Hoboken, New Jersey, has served as Financial Advisor to the Township with respect to the issuance of the 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.

CONTINUING DISCLOSURE

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

The Township has entered into prior undertakings to provide continuing disclosure for certain outstanding bond issues. In connection with such bond issues, the Township failed to timely file its financial and operating data for the fiscal years ended December 31, 2011, 2012 and 2015. In addition, the Borough failed to timely file notices with respect to such late filings and event notices with respect to certain rating changes. The Borough has retained NW Financial Group, LLC to assist in connection with its continuing disclosure obligations.

In 2014, in response to the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperative Initiative, the Local Finance Board within the Division of Local Government Services in the New Jersey Department of Community Affairs (the "Division") issued a Public Finance Notice to all Chief Financial Officers of local governments within New Jersey under its jurisdiction (the "Notice"). Among other things, this notice established certain baseline information that should be filed to EMMA on an annual basis by a local issuer including each issuer's annual financial statements, adopted budget, completed audit, operating data and material events. To encourage

compliance with this directive, the Division is considering a requirement that the auditor of a local issuer certify that these filings are being made on an annual basis as part of the local issuer's annual audit. The Township is in the process of amending its internal procedures to comply with the recommendations of the Division's Notice.

LEGAL MATTERS

The legality of the Bonds will be subject to the approving legal opinions of Capehart & Scatchard, P.A., Trenton, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Bonds and interest thereon. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by George Morris, Esquire, 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 various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Robin Sarlo, Chief Financial Officer, Township of Lumberton at 609-267-3217.

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 as such and not as representations of fact, and no representation is made that any of 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 or agreement with the owners of the Bonds.

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.

TOWNSHIP OF LUMBERTON, NEW JERSEY

By: _____
ROBIN SARLO, Chief Financial Officer

Dated: March __, 2017

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING
THE TOWNSHIP OF LUMBERTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

GENERAL INFORMATION ON THE TOWNSHIP

Overview

The Township, incorporated in 1860, is located in the north central portion of the County of Burlington ("County"). The Township is a partially developed residential community of approximately 13.34 square miles bounded on the north by the Townships of Hainesport, Mount Holly and Eastampton, on the east and south by the Townships of Medford and Southampton, and in the west by the Township of Mount Laurel.

Government Structure

The Township operates under a Township Committee form of government. The five member Township Committee is elected to staggered three-year terms. A Mayor and Deputy Mayor are selected from the Township Committee by its members. Legislative and executive power is vested in the Township Committee.

The day-to-day administrative duties are the responsibility of the Township Administrator, who is appointed by the Township Committee. To that end, the Township Administrator keeps the Township Committee informed as to the conduct of the Township affairs, the condition of the Township finances and the welfare and future needs of the Township. The Township Administrator prepares and then monitors the annual municipal budget after adoption by the Township Committee.

Business Management

The Mayor and Township Committee in cooperation with the Township Administrator have taken an active role in the preparation and administration of the Township's annual operating and capital budgets. Joint purchasing agreements, shared service agreements, extensive use of state contract purchases, and the solicitation of competitive price proposals for a majority of purchases are just a few measures employed to reduce costs. User fees for Township services are continually examined and increased when needed, and an aggressive tax collection program contributes to the Township's financial well-being.

Fire Protection and Emergency Services

The Lumberton Fire Company #1 ("Fire Company") was founded in 1905. The Fire Company operates as a volunteer fire company with 35 active members. Dedicated volunteers undergo many hours of training to prepare for today's fire fighting and rescue emergency challenges.

The Lumberton Emergency Squad ("Squad") was organized in October of 1978 and has developed into a 30-member organization of volunteer EMT's waiting to serve Township residents 24 hours a day, 7 days a week. The Squad has three basic life support ambulances equipped with all types of rescue equipment including The Jaws of Life, rescue air bags and two rescue boats.

Police

The Township's Police Department ("Department") is comprised of one Chief, four Sergeants, two Lieutenants, two Detectives, and 11 Patrolmen. The Department consists of a Patrol Division, an Emergency Services Unit, a Criminal Investigation Unit, and a K-9 Unit. This specialization has allowed the Department to take part in, and receive funding for, such program as, "Safe and Secure".

Support services include clerical personnel, crossing guards and a computerized criminal justice information system. Municipally employed full-time and part-time communication operators are utilized in conjunction with the county-wide 9-1-1 system.

Public Works

The Public Works Department is responsible for maintaining all Township owned property including buildings and grounds, recreation parks, athletic fields, roads, drainage systems, street signs, sidewalks, vehicles and equipment.

The Public Works Department is responsible for the disposal of trash. The Recycling Department along with the County handles the recyclable materials such as, paper, vegetative waste, commingled glass and cans, all metal items and untreated wood products. These expanded recycling efforts have led to reduce trash disposal costs as well as revenue generation.

Parks and Recreation

Recreation facilities in the Township include open space areas, athletic fields and courts of all kinds, playground sites, and tot lots. Other activities in the Township include, summer camps and Little League baseball, softball, soccer and football.

Transportation

The Township is located approximately 20 miles west of center city Philadelphia and 20 miles south of the City of Trenton. The Township has access to the major transportation arteries of Southern New Jersey. Route 38, a four-lane divided highway, crosses the Township, providing access to the office and light industrial centers in Mount Laurel and Cherry Hill Townships, as well as access across two major bridges into the City of Philadelphia. Access to the New Jersey Turnpike is provided by Exit 5, Mount Holly. The Township also has access to the north-south Interstate 295.

Health Care Facilities

The Township is serviced by the Virtua Memorial Hospital located in Mount Holly.

Water and Sewer Services

Water service is provided by the American Water Company. Sewer service is provided by the Mount Holly Municipal Utilities Authority.

Business and Industry

Most construction within the Township in 2016 has been in the form of rehabilitation or renovations of existing underutilized commercial properties. Extensive renovations were done to the Lumberton Plaza shopping center for two new tenants, 21,188 square feet for Bottom Dollar food store and 24,300 square feet for Big Lots retail store. Several more projects have building permits, but are not yet complete. One project currently under construction is the redevelopment of the former A-1 Pallet site, a manufacturing facility for wooden pallets on 7.87 acres that has been closed since 2005. The 43,000 square foot existing building is to be converted to a climate-controlled storage facility and offices, and an additional 51,925 square feet of self-storage units is nearing completion. The redevelopment of the site also includes the construction of two freestanding 6,000 square feet of retail/office buildings, which have not yet broken ground. Other projects completed in recent years are a 44,000 square foot addition to Wal-Mart, 4,800 square feet of additions to the Miller Subaru car dealership and repair center, a 10,264 square foot flex warehouse and a solar array field. Additionally, Lucas Chevrolet has also expand its showroom and construct a car wash.

Township Employees

	<u>2016</u>	<u>2015</u>	<u>December 31,</u> <u>2014</u>	<u>2013</u>	<u>2012</u>
Permanent	43	40	38	38	46
Part-time	<u>23</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>18</u>
Total	<u>66</u>	<u>62</u>	<u>60</u>	<u>60</u>	<u>64</u>

Employee Collective Bargaining Units

<u>Collective Bargaining Units</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Police Officers' Association	17	Dec. 31, 2017
Public Works and White Collar Clerical - AFSCMA	25	Dec. 31, 2019

Compensated Absences

Full-time employees, other than Police Department employees, are entitled to ten paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward for up to either two or three years depending on the Collective Bargaining Agreement. For additional information regarding compensated absences, (see Appendix A: Compiled Financial Statements, Note 7).

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 A: Compiled Financial Statements, Note 6).

Township Population (1)

2010 Federal Census	12,559
2000 Federal Census	10,461
1990 Federal Census	6,705
1980 Federal Census	5,236
1970 Federal Census	3,945

Selected Census 2015 Data for the Township(1)

Median household income	\$84,190
Median family income	\$112,756
Per capita income	\$38,790

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

Township Labor Force (1)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Township					
Labor Force	6,362	6,308	6,415	5,954	5,905
Employment	6,043	5,894	5,931	5,430	5,405
Unemployment	319	414	484	523	500
Unemployment Rate	5.0%	6.6%	7.5%	8.8%	8.5%
County					
Labor Force	232,359	229,579	233,316	242,711	240,787
Employment	220,281	214,868	215,629	220,408	219,375
Unemployment	12,078	14,711	17,687	22,303	21,412
Unemployment Rate	5.2%	6.4%	7.6%	9.2%	8.9%
State					
Labor Force	4,543,800	4,513,600	4,528,500	4,595,500	4,545,200
Employment	4,288,800	4,209,700	4,157,600	4,159,300	4,120,000
Unemployment	255,000	303,900	370,800	436,200	425,200
Unemployment Rate	5.6%	6.7%	8.2%	9.5%	9.4%

TEN LARGEST PRIVATE EMPLOYERS IN THE COUNTY(2)

<u>Company</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Cendant Mortgage	Residential mortgage lender	4,800
Lockheed Martin	Defense and aerospace	3,500
Virtua - Memorial Health Alliance	Health care	2,500
Deborah Heart and Lung Center	Health care	1,400
Burlington Coat Factory	Retail	1,289
Computer Science Corp.	Information technology	1,200
CVS/Mark Steven Service Merchandisers, Inc.	Distribution center	1,200
Viking Yacht Co.	Boat builder and repair	1,000
Virtua – West Jersey Hospital	Health care	800
Lourdes Health System – Rancocas Hospital	Health care	577

Building, Zoning and Development Codes

Much of the Township has been developed for residential use, although substantial sites have been developed or are available for nonresidential use.

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

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

(1) Source: New Jersey Department of Labor

(2) Source: Burlington County Department of Economic Development

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

Building Permits Issued (1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2016	839	\$9,978,261
2015	613	13,306,888
2014	655	9,575,909
2013	608	9,753,150
2012	660	22,159,399

GENERAL INFORMATION ON THE SCHOOL DISTRICT(2)

Primary and Secondary Education

As a type II district, the Township of Lumberton School District ("School District") functions independently through a nine-member board, elected by the voters for alternate three-year terms.

The School District has a total of four schools: three elementary schools and one middle school. Township high school students attend Rancocas Valley Regional High School District along with students from the Townships of Eastampton, Hainesport, Mount Holly and Westampton.

In December 2001, the School District issued Bonds in the amount of \$5,160,000 the finance the construction of a new elementary school, additions and renovations to the Bobby's Run School and the Lumberton Middle School and renovations at the Florence L. Walther School.

TOWNSHIP OF LUMBERTON SCHOOL DISTRICT SCHOOL ENROLLMENTS(2)

<u>Grade</u>	<u>2016</u>	<u>2015</u>	<u>October 15, 2014</u>	<u>2013</u>	<u>2012</u>
K (Full day)	102	84	122	127	113
1	82	127	120	121	147
2	124	111	120	134	142
3	110	113	130	151	141
4	117	133	141	128	149
5	130	133	125	146	129
6	140	122	149	130	159
7	123	142	130	157	150
8	154	127	159	148	153
Special Education	<u>273</u>	<u>305</u>	<u>297</u>	<u>285</u>	<u>277</u>
Totals	<u>1,355</u>	<u>1,397</u>	<u>1,493</u>	<u>1,527</u>	<u>1,560</u>

(1) Source: Township Construction Official

(2) Source: School District officials

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2016</u>	<u>Functional Capacity</u>
Florence L. Walther	1917	1956, 1965, 1990	PK-1	217	471
Ashbrook School			2-3	271	402
Bobby's Run	1998	1999	4-5	314	415
Lumberton Middle	1190	1998	6-8	<u>532</u>	<u>634</u>
Totals				<u>1,334</u> (2)	<u>1,922</u>

RANCOCAS VALLEY REGIONAL HIGH SCHOOL DISTRICT ENROLLMENTS(3)(4)

	<u>2016</u>	<u>2015</u>	<u>October 15, 2014</u>	<u>2013</u>	<u>2012</u>
Total	<u>700</u>	<u>689</u>	<u>676</u>	<u>688</u>	<u>685</u>

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County

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

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

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

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

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

(1) Source: School District officials

(2) Does not include Special Education Elementary Students

(3) Source: Regional School District officials

(4) Lumberton Township students only

Burlington County Institute of Technology

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

The current enrollment for the two campuses in Westampton and Medford is 2,196 students.

Burlington County Special Services School District

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

The current enrollment for the B.C.S.S.S.D. is 722 students.

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2016 Assessed Valuation</u>
CVS	Distribution center	\$31,950,000
The Estaugh	55+ Community	29,812,800
Whitehall Apartments Associates	Apartment complex	12,900,000
BF Saul Holdings LTD Partnership	Retail	12,000,000
541 Associates, LLC	Industrial	11,821,200
Newman Development Group of Hainesport	Retail	10,354,400
WalMart	Retail	10,116,600
Mt. Holly By-Pass LLC	Industrial	9,364,600
East Coast Lumberton Apartments, LLC	Apartment Complex	8,400,000
Evergreen I Associates, LLC	Retail	7,000,000

CURRENT TAX COLLECTIONS(2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Year-end</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2016(3)	\$31,592,341	\$31,129,587	98.54%	\$252,462	0.80%
2015	31,242,429	30,804,249	98.60	295,569	0.95
2014	30,182,625	29,745,947	98.55	251,880	0.83
2013	30,625,526	30,056,335	98.14	201,973	0.66
2012	30,761,279	29,977,519	97.45	528,752	1.72

(1) Source: Tax Assessor

(2) Source: Township Reports of Audit, unless otherwise noted

(3) Information from Annual Compiled Financial Statement

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding Beginning</u>	<u>Added</u>	<u>Collected</u> <u>Amount</u>	<u>Percentage</u>	<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Year-end</u>
2016(2)	\$295,590	\$15,300	\$301,805	97.08%	---	\$9,060	\$25
2015	262,458	---	235,799	89.84	\$5,468	21,170	21
2014	205,660	750	185,935	90.08	---	9,897	10,578
2013	528,761	1,500	525,610	99.12	964	---	3,687
2012	225,214	4,518	225,730	98.26	3,994	---	8

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Transfers/ Cancellations</u>	<u>Balance Year-end</u>
2016(2)	\$439,710	\$42,882	\$28,330	---	\$454,262
2015	390,406	49,304	---	---	439,710
2014	349,479	40,927	---	---	390,406
2013	319,074	31,437	1,032	---	349,479
2012	294,764	33,223	8,913	---	319,074

FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Transfers</u>	<u>Adjustment to Assessed Valuation</u>	<u>Balance Year-End</u>
2016(2)	---	---	---	---
2015	---	---	---	---
2014	---	---	---	---
2013	---	---	---	---
2012	---	---	---	---

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES(4)

<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Tax Rate(5)</u>				
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>	<u>Regional High School</u>
2016	\$1,390,079,001	\$2.260	\$.387	\$1.023	\$.421(6)	\$.419
2015	1,391,372,996	2.243	.400	1.019	.426(6)	.398
2014	1,396,460,946	2.158	.366	0.990	.409(6)	.393
2013	1,417,517,341	2.159	.378	0.997	.392(6)	.392
2012	1,430,909,299	2.145	.406	0.974	.375(6)	.390

(1) Source: Township Reports of Audit, unless otherwise noted

(2) Information from Annual Compiled Financial Statement

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

(4) Source: Township Tax Collector

(5) Per \$100 of assessed valuation

(6) Includes Open Space Tax of \$0.01

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA(1)**

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>Full Value per Capita(2)</u>
2016	\$1,388,175,993	105.23%	\$1,319,182,736	\$105,039
2015	1,389,375,723	105.23	1,320,322,839	105,130
2014	1,394,434,323	103.47	1,347,670,168	107,307
2013	1,415,572,203	103.99	1,361,258,008	108,389
2012	1,429,071,023	100.21	1,426,076,263	113,550

REAL PROPERTY CLASSIFICATION(3)

Assessed Value Land and							
<u>Year</u>	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farmland</u>
2016	\$1,388,175,993	\$13,099,100	\$1,126,496,400	\$132,408,200	\$66,027,623	\$29,091,200	\$21,053,470
2015	1,389,375,723	9,972,300	1,130,249,300	132,675,900	65,632,623	29,091,200	21,754,400
2014	1,394,434,323	9,997,200	1,136,968,200	130,711,000	64,072,723	29,352,400	23,332,800
2013	1,415,572,203	10,798,700	1,153,722,800	134,718,400	64,115,823	29,352,400	22,864,080
2012	1,429,071,023	10,631,900	1,168,180,400	134,628,400	63,115,823	29,352,400	23,162,100

(1) Source: State of New Jersey, Division of Taxation

(2) Based on Census 2010 of 12,559

(3) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township as of December 31, 2016 in accordance with the requirements of the Local Bond Law. The gross debt comprised of short and long-term debt issued, and debt authorized but not issued, including General, and debt of the Local and Regional High School Districts. Deductions from gross debt to arrive at net debt include local and regional high school district debt. The resulting net debt of \$10,296,030 represents .767% 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:2-6.6

	Debt Issued			Authorized But Not Issued	Gross Debt	Deductions School Debt	Net Debt
	<u>Bonds</u>	<u>Notes</u>	<u>Loans</u>	<u>Issued</u>			
General	\$2,014,000	\$2,995,786	\$533,244	\$4,753,000	\$10,296,030		\$10,296,030
School District	8,420,000				8,420,000	\$8,420,000	
Regional School District	4,291,357				4,291,357	4,291,357	
	<u>\$14,725,357</u>	<u>\$2,995,786</u>	<u>\$533,244</u>	<u>\$4,753,000</u>	<u>\$23,007,388</u>	<u>\$12,711,357</u>	<u>\$10,296,030</u>

(1) As of December 31, 2016

Source: Township Officials

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	\$1,342,672,171
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	0.77%
2016 Net Valuation Taxable	\$1,390,079,001
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,321,085,744
Gross Debt (2):	
As a percentage of 2016 Net Valuation Taxable	1.66%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.74%
Net Debt (2):	
As a percentage of 2016 Net Valuation Taxable	0.74%
As a percentage of 2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.78%
Gross Debt Per Capita (3)	\$1,832
Net Debt Per Capita (3)	\$820

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$1,342,672,171)	\$46,993,526
Net Debt	<u>10,296,030</u>
Remaining Borrowing Capacity	<u><u>\$36,697,496</u></u>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)

3% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements (\$1,342,672,171)	\$40,280,165
Net Debt	<u>8,420,000</u>
Remaining Borrowing Capacity	<u><u>\$31,860,165</u></u>

REGIONAL HIGH SCHOOL DISTRICT BORROWING CAPACITY (1)

3% of Average (2014-16) Equalized Valuation of Real Property including Improvements (\$4,345,252,320)	\$130,357,570
Net Debt(4)	<u>13,888,000</u>
Remaining Borrowing Capacity	<u><u>\$116,469,570</u></u>

(1) As of December 31, 2016

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 12,559

(4) Debt portion allocated to the Township \$4,291,357

**TOWNSHIP OF LUMBERTON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2015**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Burlington:					
General	\$ 246,889,847	\$ 29,794,647 (1)	\$ 217,095,201	\$ 6,404,308 (2)	\$ 65,036,554
Bonds Issued by Other Public Bodies					
Guaranteed by the County	342,954,000	342,954,000 (3)			
Solid Waste Utility	68,999,492	68,999,492			11,026,333
	<u>\$ 658,843,339</u>	<u>\$ 441,748,139</u>	<u>\$ 217,095,201</u>	<u>\$ 6,404,308</u>	<u>\$ 76,062,887</u>

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

(2) Such debt is allocated as a proportion of the Issuer's share of the total 2015 Net Valuations on which County taxes are apportioned, which is 2.95% .

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

**TOWNSHIP OF LUMBERTON
DEBT SERVICE (1)**

<u>Year</u>	<u>All Issues - General Serial Bonds</u>			<u>NJEIT Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 317,000.00	\$ 54,000.00	\$ 371,000.00	\$ 118,717.97	\$ 17,862.50	\$ 136,580.47
2018	329,000.00	43,400.00	372,400.00	124,852.46	14,612.50	139,464.96
2019	185,000.00	33,840.00	218,840.00	130,824.87	11,112.50	141,937.37
2020	190,000.00	30,140.00	220,140.00	78,848.75	7,362.50	86,211.25
2021	195,000.00	26,340.00	221,340.00	80,000.00	3,800.00	83,800.00
2022	200,000.00	22,440.00	222,440.00			
2023	200,000.00	17,940.00	217,940.00			
2024	200,000.00	11,940.00	211,940.00			
2025	198,000.00	5,940.00	203,940.00			
	<u>\$ 2,014,000.00</u>	<u>\$ 245,980.00</u>	<u>\$ 2,259,980.00</u>	<u>\$ 533,244.05</u>	<u>\$ 54,750.00</u>	<u>\$ 587,994.05</u>

(1) As of December 31, 2016

**TOWNSHIP OF LUMBERTON
2016 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 307,500.00
Miscellaneous Revenues:	
Local Revenues	344,900.00
State Aid without Offsetting Appropriations	1,283,043.00
Dedicated Uniform Construction Code Fees	258,000.00
Shared Service Agreements	180,247.12
Public and Private Programs Offset with Appropriations	25,046.33
Other Special Items of Revenue	383,131.53
Receipts from Delinquent Taxes	274,400.00
Amount to be Raised by Taxation for Municipal Purposes	<u>5,860,229.02</u>
Total Appropriated Revenues	<u><u>\$ 8,916,497.00</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 5,881,856.00
Deferred Charges and Statutory Expenditures	710,657.00
Excluded from CAPS:	
Other Operations	12,000.00
Shared Service Agreements	7,000.00
Public and Private Programs	25,046.33
Capital Improvements	636,000.00
Debt Service	1,197,575.00
Reserve for Uncollected Taxes	<u>446,362.67</u>
Total Appropriations	<u><u>\$ 8,916,497.00</u></u>

(1) As adopted

**TOWNSHIP OF LUMBERTON
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2016 - 2021 (1)**

	<u>Estimated Total Cost</u>	<u>Current Year 2016</u>	<u>Capital Improvement Fund</u>	<u>Grants and Other Funds</u>	<u>Bonds and Notes General</u>
Various Capital Improvements to Township Property	\$ 480,000.00	\$ 480,000.00			
Various Capital Improvements to Township Property	435,000.00	435,000.00			
Construction of Public Safety Center	5,900,000.00		\$ 295,000.00		\$ 5,605,000.00
Phase 1 Road Reconstruction (Maple Grove Blvd)	300,000.00		15,000.00		285,000.00
Phase 1 Turnbridge & Westminster Playground Improvement	150,000.00		7,500.00		142,500.00
Reconstruction Crispin & Fostertown Intersection	60,000.00		3,000.00		57,000.00
Sealcoating of Township Roads	100,000.00		5,000.00		95,000.00
Police SUV	50,000.00		2,500.00		47,500.00
Police Rifle	25,000.00		1,250.00		23,750.00
Police Body Camera	25,000.00		1,250.00	\$ 5,563.06	18,186.94
Public Works Dump Truck Body Replacement	25,000.00		1,250.00		23,750.00
Public Works Service Truck for Mechanics	35,000.00		1,750.00		33,250.00
Server/Computer Upgrades	45,000.00		2,250.00		42,750.00
Turnout Gear Ten Sets	26,000.00		1,300.00		24,700.00
Fire Hose	5,000.00		250.00		4,750.00
Interceptor SUV	30,000.00		1,500.00		28,500.00
	<u>\$ 7,691,000.00</u>	<u>\$ 915,000.00</u>	<u>\$ 338,800.00</u>	<u>\$ 5,563.06</u>	<u>\$ 6,431,636.94</u>

(1) As adopted

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS OF THE
TOWNSHIP OF LUMBERTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Lumberton
Lumberton, New Jersey 08048

Management is responsible for the accompanying financial statements of the Township of Lumberton, in the County of Burlington, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2016 and the related statements of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the 2016 financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by 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.

The 2015, 2014, 2013 and 2012 financial statements were audited by us and we expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the regulatory basis of accounting on them in our most recent report dated June 28, 2016. We have not performed any auditing procedures since that date.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ L. Jarred Corn
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
January 30, 2017

TOWNSHIP OF LUMBERTON
CURRENT FUND

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

	As of December 31,				
	<u>2016(1)</u>	<u>2015(2)</u>	<u>2014(2)</u>	<u>2013(2)</u>	<u>2012(2)</u>
<u>ASSETS</u>					
Regular Fund:					
Cash	\$ 3,315,824	\$ 2,772,680	\$ 2,267,760	\$ 1,462,220	\$ 1,749,428
Due from State of New Jersey:					
Senior Citizens' and Veterans' Deductions	7,026	7,526	7,147	7,159	9,026
Delinquent Property Taxes Receivable	252,487	295,590	262,458	205,660	528,760
Tax Title Liens Receivable	454,262	439,710	390,406	349,479	319,074
Special Assessment Liens Receivable	8,342	8,342	8,342	8,342	8,342
Other Accounts Receivable	536,083	79,880	79,268	471,211	
Revenue Accounts Receivable	19,198	19,198	18,613	14,918	14,791
Prepaid Local District School Taxes				185,764	116,928
Prepaid Regional High School Taxes	4	4	4	3	
Interfunds Receivable	34,530	126,447	152,094	49,981	638,381
Deferred Charges					5,427
Total Assets	<u>\$ 4,627,757</u>	<u>\$ 3,749,378</u>	<u>\$ 3,186,091</u>	<u>\$ 2,754,736</u>	<u>\$ 3,390,157</u>
<u>LIABILITIES, RESERVES</u>					
<u>AND FUND BALANCE</u>					
Regular Fund:					
Liabilities:					
Appropriations Reserves	\$ 777,873	\$ 705,994	\$ 765,522	\$ 413,378	\$ 430,801
Reserve for Encumbrances	81,766	57,100	46,718	81,936	1,291
Due to Mount Holly Municipal Utilities Authority			7,227	9,344	6,646
Prepaid Taxes	211,447	171,494	158,507	148,923	163,919
Tax Overpayments	0	5,459	196	40,720	2,102
Local School District Taxes Payable	165,167	165,167	102,439		
Due County for Added and Omitted Taxes	30,642	6,015	7,998	3,916	13,081
Due to State of New Jersey:					
Marriage License Fees	450	150	870	3,050	1,600
Training Fees	5,064	8,581	2,305	1,760	1,664
Interfunds Payable	353,631	376,795	588,263	532,362	933,635
Reserves for Receivables and Other Assets	768,823	819,625	762,250	814,146	1,031,700
Reserves for Federal and State Grants	211,712	139,057	321,773	234,766	473,491
Fund Balance	2,021,182	1,293,941	422,024	470,434	330,227
Total Liabilities, Reserves, and Fund Balance	<u>\$ 4,627,757</u>	<u>\$ 3,749,378</u>	<u>\$ 3,186,091</u>	<u>\$ 2,754,736</u>	<u>\$ 3,390,157</u>

(1) Unaudited. See Accountant's Compilation Report

(2) Audited Financial Statements. See Accountant's Compilation Report

The accompanying notes to financial statements are an integral part of these statements.

TOWNSHIP OF LUMBERTON

CURRENT FUND

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

	For the Years Ended,				
	<u>2016(1)</u>	<u>2015(2)</u>	<u>2014(2)</u>	<u>2013(2)</u>	<u>2012(2)</u>
<u>Revenue and Other Income Realized</u>					
Surplus Utilized	\$ 307,500	\$ 307,500	\$ 307,500	\$ 307,500	\$ 325,000
Miscellaneous Revenue Anticipated	3,062,286	2,790,361	3,020,643	2,835,572	2,642,361
Receipts from Delinquent Taxes	330,135	235,799	185,935	526,642	234,643
Receipts from Current Taxes	31,129,587	30,804,249	29,745,947	30,056,335	29,977,519
Non Budget Revenues and Other Income	701,368	765,123	433,627	355,230	168,937
Total Income	35,530,876	34,903,031	33,693,652	34,081,279	33,348,459
<u>Expenditures</u>					
Budget and Emergency Appropriations:					
Operating	6,521,580	5,929,732	5,908,129	5,582,325	5,351,808
Deferred Charges and Statutory Expenditures	717,657	696,753	623,005	790,411	784,582
Capital Improvements	636,000	694,000	550,000	380,000	155,427
Municipal Debt Service	1,189,753	1,184,626	1,532,905	1,448,539	1,498,470
Deferred Charges Excluded from "CAPS"			327		
Local District School Tax	14,187,946	13,997,108	13,983,664	14,042,409	13,828,019
Regional High School Taxes	5,689,409	5,522,310	5,527,393	5,571,643	5,374,550
County Taxes Payable	5,373,909	5,553,776	5,082,655	5,343,328	5,783,920
Due County for Added and Omitted Taxes	30,642	6,015	7,998	3,916	13,081
Municipal Open Space Taxes	139,808	139,293	139,864	141,851	143,408
Refund of Prior Years' Revenues	8,082			22,072	54,434
Refund of Prior Years' Cancellations--Tax Sale Premiums				93,800	
Due to State of New Jersey - Prior Year Veteran and Senior Citizens' Deduction Disallowed by Collector	1,351		750	1,500	2,500
Creation of Reserves for Interfunds			77,871	26,014	31,363
Creation of Reserves for Prepaid Regional High School Taxes			1		
Creation of Reserves for Prepaid Local District School Taxes				185,764	116,928
Total Expenditures	34,496,136	33,723,613	33,434,562	33,633,572	33,138,489
Excess in Revenue	1,034,740	1,179,418	259,090	447,707	209,971
Adjustment to Income before Surplus:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year	-	-	-	-	5,427
Statutory Excess to Fund Balance	1,034,740	1,179,418	259,090	447,707	215,398
Fund Balance January 1	1,293,941	422,024	470,434	330,227	439,829
	2,328,681	1,601,441	729,524	777,934	655,227
Decreased by:					
Utilization as Anticipated Revenue	307,500	307,500	307,500	307,500	325,000
Balance December 31	\$ 2,021,181	\$ 1,293,941	\$ 422,024	\$ 470,434	\$ 330,227

(1) Unaudited. See Accountant's Compilation Report

(2) Audited Financial Statements. See Accountant's Compilation Report

The accompanying notes to financial statements are an integral part of these statements.

TOWNSHIP OF LUMBERTON

TRUST FUNDS

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

	As of December 31,				
	<u>2016(1)</u>	<u>2015(2)</u>	<u>2014(2)</u>	<u>2013(2)</u>	<u>2012(2)</u>
<u>ASSETS</u>					
Animal Control Fund:					
Cash	\$ 16,897	\$ 23,496	\$ 28,290	\$ 22,551	\$ 16,316
Total Animal Control Fund	16,897	23,496	28,290	22,551	16,316
Municipal Open Space Fund:					
Cash	301,606	317,157	61,916	155,463	1,597
Due from Burlington County -					
Open Space Installment Purchase Note Receivable	28,000	42,000	56,000	70,000	84,000
Due from Current Fund		156	143,220		95,678
Due from Federal and State Grant Fund			219,512	219,512	219,512
Total Municipal Open Space Fund	329,606	359,313	480,648	444,975	400,787
Other Funds:					
Cash	2,338,081	2,172,678	2,579,678	2,385,616	2,049,719
Prepaid Payroll			54,799	39,601	
Due from Current Fund				56,580	
Due from Federal and State Grant Fund					1,980
Total Other Funds	2,338,081	2,172,678	2,634,477	2,481,797	2,051,699
Total Assets	<u>\$ 2,684,584</u>	<u>\$ 2,555,486</u>	<u>\$ 3,143,415</u>	<u>\$ 2,949,323</u>	<u>\$ 2,468,803</u>
<u>LIABILITIES, RESERVES AND FUND BALANCES</u>					
Animal Control Fund:					
Prepaid Licenses		\$ 70	\$ 70		
Due to State of New Jersey - Registration Fees		8	9	\$ 103	\$ 97
Reserve for Animal Control Fund Expenditures	\$ 16,897	17,483	17,717	17,892	16,177
Due to Current Fund		5,935	10,494	4,556	42
Total Animal Control Fund	16,897	23,496	28,290	22,551	16,316
Municipal Open Space Fund:					
Due to Burlington County - Farmland Preservation	1,269	1,269	1,269	1,269	1,269
Reserve for Future Use	328,337	358,044	479,379	442,466	399,519
Interfunds Payable				1,240	
Total Municipal Open Space Fund	329,606	359,313	480,648	444,975	400,787
Other Funds:					
Due to Current Fund	34,530	50,846	71,933		19,838
Reserve for Unemployment Compensation Insurance	55,622	71,623	70,169	71,893	68,183
Reserve for Payroll Deductions Payable	32,352	3,149	2,114	1,959	10,263
Miscellaneous Trust Other Reserves	2,215,576	2,047,061	2,490,261	2,407,945	1,953,415
Total Other Funds	2,338,081	2,172,678	2,634,477	2,481,797	2,051,699
Total Liabilities, Reserves and Fund Balances	<u>\$ 2,684,584</u>	<u>\$ 2,555,486</u>	<u>\$ 3,143,415</u>	<u>\$ 2,949,323</u>	<u>\$ 2,468,803</u>

(1) Unaudited. See Accountant's Compilation Report

(2) Audited Financial Statements. See Accountant's Compilation Report

The accompanying notes to financial statements are an integral part of these statements.

TOWNSHIP OF LUMBERTON
GENERAL CAPITAL FUND

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

	As of December 31,				
	<u>2016(1)</u>	<u>2015(2)</u>	<u>2014(2)</u>	<u>2013(2)</u>	<u>2012(2)</u>
<u>ASSETS</u>					
Cash	\$ 1,317,861	\$ 1,575,042	\$ 439,761	\$ 2,060,230	\$ 25,571
Deferred Charges to Future Taxation:					
Funded	2,547,244	3,620,069	4,659,597	5,994,667	5,101,698
Unfunded	7,748,786	2,410,786	911,186	137,977	1,260,677
Federal, State, and Other Grants Receivable	5,588				
Due from Current Fund			142,065	198,283	345,008
Due from Federal and State Grant Fund	353,631	306,972	13,800	13,800	247,532
		350,000	381,710	381,710	
Total Assets	<u>\$ 11,973,110</u>	<u>\$ 8,262,870</u>	<u>\$ 6,548,119</u>	<u>\$ 8,786,667</u>	<u>\$ 6,980,484</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Bond Anticipation Notes	\$ 2,995,786	\$ 2,235,786		\$ 532,950	\$ 635,137
General Serial Bonds	2,014,000	2,966,000	\$ 3,891,000	5,118,000	4,115,000
New Jersey Environmental Infrastructure Loans Payable	533,244	654,069	768,597	876,667	986,698
Improvement Authorizations:					
Funded	850,911	639,047	965,556	1,398,486	105,316
Unfunded	5,286,727	1,074,555	224,215	137,650	787,214
Reserve for Payment of General Serial Bonds				126,431	227,026
Reserve for Federal, State and Other Grants Receivable	3,000	175,000			
Contracts Payable	209,407	349,377	432,980	427,689	
Capital Improvement Fund	50,132	139,132	48,266	22,400	
General Capital Surplus	29,903	29,903	217,505	146,394	124,094
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,973,110</u>	<u>\$ 8,262,870</u>	<u>\$ 6,548,119</u>	<u>\$ 8,786,667</u>	<u>\$ 6,980,484</u>

(1) Unaudited. See Accountant's Compilation Report

(2) Audited Financial Statements. See Accountant's Compilation Report

The accompanying notes to financial statements are an integral part of these statements.

TOWNSHIP OF LUMBERTON
Notes to Financial Statements
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Lumberton (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on March 14, 1860 from portions of Medford Township, Southampton Township, and Eastampton Township. The Township, located in Burlington County, New Jersey, has a total area of approximately thirteen square miles, and is located approximately twenty-two miles from the City of Philadelphia. The Township borders Eastampton Township, Southampton Township, Medford Township, Mount Laurel Township, Hainesport Township, and Mount Holly Township. According to the 2010 census, the population is 12,559.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity.

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 acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that 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.

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

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

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Lumberton School District and the Rancocas Valley Regional High School District. Operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30 for the Lumberton School District and the Rancocas Valley Regional High School, increased by the amount deferred at December 31, 2015 and decreased by the amount deferred at December 31, 2016.

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

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 bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital. 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.

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2016, the Township's bank balances of \$7,497,706.13 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 6,574,719.30
Uninsured and Uncollateralized	<u>922,986.83</u>
Total	<u>\$ 7,497,706.13</u>

Note 3: PROPERTY TAXES

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

	<u>Year Ended</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$ 2.260</u>	<u>\$ 2.243</u>	<u>\$ 2.158</u>	<u>\$ 2.159</u>	<u>\$ 2.145</u>
Apportionment of Tax Rate:					
Municipal	\$.421	\$.416	\$.399	\$.382	\$.365
Municipal Open Space	.010	.010	.010	.010	.010
County	.387	.400	.366	.378	.406
Regional School	.419	.398	.393	.392	.390
Local School	1.023	1.019	.990	.997	.974

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2016	\$ 1,390,079,001.00
2015	1,391,372,996.00
2014	1,396,460,946.00
2013	1,417,517,341.00
2012	1,430,909,299.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$ 31,592,340.88	\$ 31,129,586.99	98.54%
2015	31,242,429.36	30,804,248.62	98.60%
2014	30,182,625.47	29,745,947.08	98.55%
2013	30,625,525.75	30,056,335.14	98.14%
2012	30,761,279.12	29,977,518.81	97.45%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 454,261.96	\$ 252,487.15	\$ 706,749.11	2.24%
2015	439,709.91	295,590.39	735,300.30	2.35%
2014	390,405.80	262,457.68	652,863.48	2.16%
2013	349,479.27	205,659.82	555,139.09	1.81%
2012	319,073.78	528,760.32	847,834.10	2.76%

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

<u>Year</u>	<u>Number</u>
2016	11
2015	15
2014	13
2013	12
2012	12

Note 4: FUND BALANCES APPROPRIATED

The following schedule for the current fund details the amount of fund balances available at the end of the current year and four previous years, and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2016	\$ 2,021,181.52	\$ 307,500.00 ¹	15.21%
2015	1,293,941.45	307,500.00	23.76%
2014	422,023.82	307,500.00	72.86%
2013	470,433.84	307,500.00	65.37%
2012	330,226.73	307,500.00	93.12%

¹ 2017 budget not yet introduced - estimated

Note 5: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 34,529.80	
Federal and State Grant		\$ 353,630.80
Trust - Other		34,529.80
General Capital	353,630.80	
	<u>\$ 388,160.60</u>	<u>\$ 388,160.60</u>

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

Note 6: PENSION PLANS

The information that follows in Note 6 is from the Township's report of audit for the year ended December 31, 2015. The State of New Jersey has not yet released the most recent audit of the actuarial pension calculations that are applicable for the year ended December 31, 2016.

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

Note 6: PENSION PLANS (CONT'D)

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>

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.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th 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.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and 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.

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 12.15% 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 \$143,181.00, 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 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 \$135,243.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$85,228.27.

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

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

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

The Township's contractually required contribution rate for the year ended December 31, 2015 was 22.32% 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.

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 \$320,976.00, 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 \$314,510.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$147,777.16.

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 2.09% 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 \$30,026.00, 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 \$23,031.00, 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 \$3,107.74, and the Township's contributions were \$1,695.11. There were no forfeitures during the year.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$3,738,522.00. 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 .0166541472%, which was an increase of .0002488384% 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 \$289,343.00. 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 \$135,243.00, and were paid on April 1, 2015.

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	\$ 6,577,272.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>576,805.00</u>
	<u>\$ 7,154,077.00</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 .0394876874%, which was a decrease of .0014604530% 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 .0394876874%, which was a decrease of .0014604530% 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 \$638,095.00. 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 \$314,510.00, and were paid on April 1, 2015.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - 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 \$71,948.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 89,188.00	\$ -	\$ 89,188.00	\$ -	\$ 56,731.00	\$ 56,731.00
Changes of Assumptions	401,487.00	1,214,328.00	1,615,815.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	60,108.00	114,472.00	174,580.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	198,134.00	441,686.00	639,820.00	-	160,197.00	160,197.00
Township Contributions Subsequent to the Measurement Date	71,591.00	160,488.00	232,079.00	-	-	-
	<u>\$ 760,400.00</u>	<u>\$ 1,816,502.00</u>	<u>\$ 2,576,902.00</u>	<u>\$ 60,108.00</u>	<u>\$ 331,400.00</u>	<u>\$ 391,508.00</u>

\$71,591.00 and \$160,488.00 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 6: 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

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 122,385.00	\$ 268,827.00	\$ 391,212.00
2017	122,385.00	268,827.00	391,212.00
2018	122,387.00	268,827.00	391,214.00
2019	168,147.00	400,235.00	568,382.00
2020	93,397.00	117,898.00	211,295.00
	<u>\$ 628,701.00</u>	<u>\$ 1,324,614.00</u>	<u>\$ 1,953,315.00</u>

Note 6: PENSION PLANS (CONT'D)**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.

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.

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

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>	

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.

Note 6: PENSION PLANS (CONT'D)**Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 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 (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 4,646,526.00</u>	<u>\$ 3,738,522.00</u>	<u>\$ 2,977,259.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 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 (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's Proportionate Share of the Net Pension Liability	\$ 8,670,933.00	\$ 6,577,272.00	\$ 4,870,079.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>760,412.00</u>	<u>576,805.00</u>	<u>427,090.00</u>
	<u>\$ 9,431,345.00</u>	<u>\$ 7,154,077.00</u>	<u>\$ 5,297,169.00</u>

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.

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****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	0.0166541472%	0.0164053088%	0.0152016065%
Township's Proportionate Share of the Net Pension Liability	\$ 3,738,522.00	\$ 3,071,522.00	\$ 2,905,329.00
Township's Covered-Employee Payroll	\$ 1,150,180.00	\$ 1,135,900.00	\$ 1,052,516.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	325.04%	270.40%	276.04%
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	\$ 143,181.00	\$ 135,243.00	\$ 114,541.00
Township's Contribution in Relation to the Contractually Required Contribution	(143,181.00)	(135,243.00)	(114,541.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Township's Covered-Employee Payroll	\$ 1,178,306.00	\$ 1,125,564.00	1,139,404.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	12.15%	12.02%	10.05%

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	0.0394876874%	0.0409481404%	0.0360322120%
Township's Proportionate Share of the Net Pension Liability	\$ 6,577,272.00	\$ 5,150,896.00	\$ 4,790,157.00
State's Proportionate Share of the Net Pension Liability associated with the Township	576,805.00	554,665.00	446,501.00
Total	\$ 7,154,077.00	\$ 5,705,561.00	\$ 5,236,658.00
Township's Covered-Employee Payroll	\$ 1,250,500.00	\$ 1,208,672.00	\$ 1,085,740.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	525.97%	426.16%	441.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 6: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****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	\$ 320,976.00	\$ 314,510.00	\$ 262,883.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(320,976.00)</u>	<u>(314,510.00)</u>	<u>(262,883.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 1,438,231.00	\$ 1,297,605.00	\$ 1,262,672.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	22.32%	24.24%	20.82%

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 7: COMPENSATED ABSENCES

All Township employees are entitled to paid vacation and sick time upon retirement, provided that the employee has at least twenty years of service with the Township.

All police department employees are entitled to one paid sick leave day per month for the first five years of service. At the beginning of the sixth year of service the employees are entitled to one and a half paid sick leave days per month. Full-time union employees, other than the police department employees, are entitled to ten paid sick leave days each year. Full-time non-union employees are entitled to six paid sick leave days each year. All Township employees may accumulate their sick leave days and carry them forward to the subsequent year. The current policy provides that one compensated sick day for every two days accumulated may be paid out at retirement. There is a maximum payout of \$15,000.00 for all Township employees. For police department employees, the employee's average daily salary for the three years preceding retirement shall be used to calculate the rate of pay upon termination. For all other employees, the employee's average daily salary for the five years preceding retirement shall be used to calculate the rate of pay upon termination.

All Township employees are entitled to paid vacation days each year, the number of which is dependent on their number of years of service with the Township. Unused vacation days may be accumulated and carried forward for up to three years. Vacation time unused is reimbursed to the employees upon retirement.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2016, the balance of the fund was \$2,000.00. It is estimated that, at December 31, 2016, accrued benefits for compensated absences are valued at \$767,714.72.

Note 8: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 9: SANITARY LANDFILL ESCROW CLOSURE FUND

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

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

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

Note 10: CAPITAL DEBT**General Improvement Bonds**

Refunding Bonds, Series 2003 - On February 1, 2003, the Township issued \$3,155,000.00 of general obligation refunding bonds, with interest rates ranging from 2.0% to 4.2%. The bonds were issued for the purpose of refunding and redeeming \$2,994,000.00 of the remaining \$3,194,000.00 general obligations, series 1996A, dated September 1, 1996, maturing in the years 2004 through 2016, inclusive, at a redemption price of 102% of the bonds redeemed, and paying the costs of issuance associated with the issuance of the refunding bonds. The Township made the final principal and interest payments on these bonds in 2016.

Burlington County Bridge Commission, Series 2005 - On December 22, 2005, the Township issued \$3,889,000.00 of general obligation bonds through the Burlington County Bridge Commission, with interest rates ranging from 3.375% to 5.000%. The purpose of the bonds was to fund ordinances 2002-13, 2004-14, and 2005-17. The Township made the final principal and interest payments on these bonds in 2016.

Burlington County Bridge Commission, Series 2009 - On August 15, 2009, the Township issued \$1,129,000.00 of general obligation bonds through the Burlington County Bridge Commission, with interest rates ranging from 2.5% to 5.0%. The purpose of the bonds was to fund ordinance 2008-14. The bonds mature in 2010 to 2018.

General Obligation Bonds, Series 2013 - On November 18, 2013, the Township issued \$2,138,000.00 of general obligation bonds, with interest rates ranging from 2.0% to 3.0%. The purpose of the bonds was to fund ordinances 2009-06-010, 2010-06-007, 2012-12-015, 2013-03-003, and 2013-08-007. The bonds mature in 2014 to 2025.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 317,000.00	\$ 54,000.00	\$ 371,000.00
2018	329,000.00	43,400.00	372,400.00
2019	185,000.00	33,840.00	218,840.00
2020	190,000.00	30,140.00	220,140.00
2021	195,000.00	26,340.00	221,340.00
2022-2025	798,000.00	58,260.00	856,260.00
	<u>\$ 2,014,000.00</u>	<u>\$ 245,980.00</u>	<u>\$ 2,259,980.00</u>

New Jersey Environmental Infrastructure Loans

On November 1, 2001, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$958,432.00, at no interest, from the fund loan, and \$1,010,000.00 at interest rates ranging from 4.00% to 5.50% from the trust loan. The proceeds were used to fund the reconstruction of Hollybrook Road. Semiannual debt payments are due February 1st and August 1st through 2021.

Note 10: CAPITAL DEBT (CONT'D)

New Jersey Environmental Infrastructure Loans (Cont'd)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 118,717.97	\$ 17,862.50	\$ 136,580.47
2018	124,852.46	14,612.50	139,464.96
2019	130,824.87	11,112.50	141,937.37
2020	78,848.75	7,362.50	86,211.25
2021	80,000.00	3,800.00	83,800.00
	<u>\$ 533,244.05</u>	<u>\$ 54,750.00</u>	<u>\$ 587,994.05</u>

Summary of Debt

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bond Anticipation Notes	\$ 2,995,786.00	\$ 2,235,786.00	
General Serial Bonds	2,014,000.00	2,966,000.00	\$ 3,891,000.00
Infrastructure Trust Loans	533,244.05	654,068.93	768,597.25
Total Issued	<u>5,543,030.05</u>	<u>5,855,854.93</u>	<u>4,659,597.25</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>4,753,000.00</u>	<u>175,000.00</u>	<u>911,186.00</u>
Total Authorized but not Issued	<u>4,753,000.00</u>	<u>175,000.00</u>	<u>911,186.00</u>
Total Issued and Authorized but not Issued	<u>10,296,030.05</u>	<u>6,030,854.93</u>	<u>5,570,783.25</u>
Net Debt	<u>\$ 10,296,030.05</u>	<u>\$ 6,030,854.93</u>	<u>\$ 5,570,783.25</u>

Note 10: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .767%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 8,420,000.00	\$ 8,420,000.00	
Regional School Purposes	4,291,357.49	4,291,357.49	
General	10,296,030.05		\$ 10,296,030.05
	<u>\$ 23,007,387.54</u>	<u>\$ 12,711,357.49</u>	<u>\$ 10,296,030.05</u>

Net debt \$10,296,030.05 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$1,342,672,171.00, equals .767%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 46,993,525.99
Less: Net Debt	<u>10,296,030.05</u>
Remaining Borrowing Power	<u>\$ 36,697,495.94</u>

Note 11: SCHOOL TAXES

Rancocas Valley Regional High School District tax has been raised and the liability deferred by statutes, resulting in the school tax payable (prepaid) set forth in the current fund liabilities as follows:

	<u>Balance December 31,</u>	
	<u>2016</u>	<u>2015</u>
Balance of Tax (Prepaid)	\$ (4.08)	\$ (4.08)
Deferred	<u>2,915,352.50</u>	<u>2,774,056.50</u>
	<u>\$ 2,915,348.42</u>	<u>\$ 2,774,052.42</u>

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

	<u>Balance December 31,</u>	
	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 165,167.00	\$ 165,166.50
Deferred	<u>7,104,566.00</u>	<u>7,083,379.50</u>
	<u>\$ 7,269,733.00</u>	<u>\$ 7,248,546.00</u>

Note 12: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 4,313.87	\$ 20,314.00	\$ 55,622.44
2015	4,584.32	3,130.71	71,622.57
2014	4,308.38	6,032.19	70,168.96

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

General Liability	Boiler & Machinery
Automobile Liability	Workers' Compensation
Property (including Auto Physical Damage)	Police Professional
Fidelity & Performance (Blanket)	Public Officials / EPL

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

The Fund publishes its own financial report for the year ended December 31, 2016, which can be obtained from:

Burlington County Municipal Joint Insurance Fund
P.O. Box 325
Hammononton, New Jersey 08037

Note 13: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

Open Space Acquisition - On November 4, 2003 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 Lumberton Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2004, 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 referendum, the Township levies a tax not to exceed three cents per one hundred dollars of equalized valuation for a period of two years (2004 and 2005). After the two year period, the open space tax rate reverted to a rate of one cent 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.

Note 13: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST (CONT'D)

Open Space Acquisition (Cont'd) - 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 Lumberton Open Space, Recreation and Farmland Preservation Trust Funds.

Open Space Installment Purchase Note Receivable - An agreement was entered between the County of Burlington (the "County") and the Township to purchase and preserve Raab Parcel. The County agreed to pay the Township a principal amount of \$206,250.00, payable in installments from 2005 to 2018. This amount reflects the County's portion of the open space preservation.

The following schedule represents the remaining amounts, principle and interest, due to the Township:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 14,000.00	\$ 560.00	\$ 14,560.00
2018	14,000.00	280.00	14,280.00
	<u>\$ 28,000.00</u>	<u>\$ 840.00</u>	<u>\$ 28,840.00</u>

Note 14: 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.

Note 15: 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.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

March __, 2017

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

Re: Township of Evesham, in the County of Burlington, New Jersey
\$4,750,000 General Obligation Bonds, Series 2017

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the \$4,750,000 General Obligation Bonds, Series 2017 (the "Bonds") by the Township of Lumberton (the "Township") in the County of Burlington, New Jersey (the "County").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Resolution 2017-043 adopted by the Township Council on January 3, 2017 ("Authorizing Resolution") and (iii) bond ordinance 2016-14 (the "Bond Ordinance") and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on March __, 2017 as permitted by the Authorizing Resolution.

The Bonds are dated March __, 2017, and mature on February 1 in each of the years and in the respective principal amounts as set forth on the inside cover of an Official Statement dated March __, 2017 related to the Bonds, and bear interest at the respective interest rates per annum set forth in the Official Statement, payable semi-annually thereafter on February 1 and August 1 in each year until maturity, commencing on August 1, 2017.

The Bonds are issued without coupons. The principal amounts of the Bonds are subject to optional redemption and prepayment prior to their respective maturity and principal payment dates as set forth therein.

Proceeds of the Bonds will be used to (i) pay for the costs of constructing and equipping a new public safety building and (ii) pay the costs of issuance with respect to the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the proceedings of the Township Council in connection with the adoption of the Ordinances and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Bonds.

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

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

1. The Ordinance and the Authorizing Resolution have been duly adopted by the Township Council and are in full force and effect.
2. The Bonds are legal, valid and binding obligations of the Township enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").
3. For the payment of principal of and interest on the Bonds, the Township has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable real property within the jurisdiction of the Township without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.
4. Interest on the 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 under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals or corporations pursuant to Section 55 of the Code. For certain corporate holders, interest on the Bonds is included in adjusted current earnings for purposes of calculating the alternative minimum tax imposed on such holders.

In rendering this opinion, we have assumed continuing compliance by the Township with the covenants contained in the Authorizing Resolution and set forth in the Non-Arbitrage Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Bonds being subject to federal income tax retroactive to the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the 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 Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code by the Township.

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

income tax consequences.

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

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

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,