

NOTICE OF SALE

\$1,619,750

BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2019, SERIES A
(Bank Qualified) (Non-Callable)

INTRODUCTION

The Borough of Runnemede, County of Camden, New Jersey ("Borough"), has authorized the issuance of its bond anticipation notes in the principal amount of \$1,619,750 ("Notes"). The proceeds from the sale of the Notes will be used to temporarily finance the cost of various capital improvements in and for the Borough.

In connection with the offering of the Notes, the Borough has prepared a Preliminary Official Statement, dated June 11, 2019 ("Preliminary Official Statement"), relating to, *inter alia*, the Notes and the Borough. The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company LLP web site, please visit <http://www.govdebt.net> ("Site"). Access to the Site is limited to registered users of the Site. As such, users must either have been existing registered members, or new users must create a user profile through the Site. Thereafter, bidders for the Notes may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders for the Notes must follow the applicable instructions and prompts to access the Preliminary Official Statement. The Borough will make available to the winning purchaser of the Notes a sufficient amount of copies of the final Official Statement within 7 business days of the award of the Notes, at the expense of the Borough.

The Preliminary Official Statement also contains information relating to, *inter alia*, the Borough's \$3,744,000 General Obligation Bonds, Series 2019 ("Bonds"). Bidders shall *not* be required to submit a proposal for the purchase of the Bonds when submitting a proposal for the purchase of the Notes. The submission of a bid for the purchase of the Notes does not and shall not constitute a proposal for the purchase of the Bonds. The specifications for and form of proposal for the purchase of the Bonds are set forth in a separate Notice of Sale prepared and delivered under separate cover.

SPECIFICATIONS

DATED DATE:	July 3, 2019
MATURITY DATE:	July 2, 2020
INTEREST RATE PER ANNUM:	To be determined by successful firm
BOND COUNSEL:	Parker McCay P.A. 9000 Midlantic Drive, Suite 300 Mount Laurel, New Jersey 08054
PAYING AGENT:	Borough

DENOMINATIONS:

The Notes will be issued in fully registered form, and available only in the minimum denomination of \$100,000, or integral multiples thereof, and in integral multiples of \$1,000 above the minimum of \$100,000 or in such amount necessary to issue the principal amount of the Notes.

CLOSING:

- | | |
|--------------|------------------------|
| (a) Date | July 3, 2019 |
| (b) Location | Offices of the Borough |
| (c) Time | 10:00 A.M. |

PAYMENT:

Immediately available funds

The Notes will be noncallable general obligations of the Borough and, to the extent not paid from other sources, are payable from ad valorem taxes to be levied upon all the taxable real property within the Borough without limitation as to rate or amount. The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Written proposals for the purchase of the Notes will be received no later than **10:45 a.m. on TUESDAY, JUNE 18, 2019**, via either (a) facsimile, at (856) 234-6697, or (b) email, at bwhelan@acaciafin.fin.com. Proposals must be submitted on the Official Form of Proposal (form attached) and sent to Mr. James D'Auria, Chief Financial Officer, Borough of Runnemede, 24 N. Black Horse Pike, Runnemede, New Jersey 08078, c/o Acacia Financial Group, Inc., the Borough's Municipal Advisor. The Borough will not assume any liability with respect to defective facsimile transmissions; however, to confirm receipt of a proposal by the Borough, please call (856) 234-2266.

Each proposal submitted must offer to purchase all of the Notes being offered at a price not less than par and specify a single rate of interest. Interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Notes will be sold to the entity who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Notes. The net interest cost shall be computed in each instance by adding to the total amount of Notes bid for, the total interest cost to maturity, and deducting therefrom the premium, if any. If two (2) or more bidders specify the same lowest net interest cost, then to one of such bidders selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Notes accrued to the date of delivery. The Borough reserves the right to waive irregularities in any proposal and to reject all proposals.

CUSIP:

It is anticipated that CUSIP Identification Numbers will be printed on the Notes. Acacia Financial Group, Inc., municipal adviser to the Borough, will timely apply for CUSIP Identification Numbers with respect to the Notes as required by MSRB Rule G-34. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the

successful bidder. The successful bidder will be responsible for notifying CUSIP Global Services of any changes in structure and shall add or cancel CUSIP numbers as needed to conform to the final structure. The Borough will assume no obligation for the assignment or printing of such numbers on the Notes or for the correctness of such numbers, and neither the failure to print such numbers on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and make payment for the Notes.

Closing Certificates:

Simultaneously with the delivery of the Notes, the purchaser shall furnish to the Borough a certificate, in form acceptable to Bond Counsel, stating that it agrees to sell the Notes to no more than thirty-five (35) persons, each of whom the entity believes: (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Notes; and (ii) is not purchasing for more than one account or with a view toward distributing the Notes.

Additionally, the purchaser shall assist the Borough in establishing the issue price and yield of the Notes and shall execute and deliver to the Borough at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in the form attached here as: (i) Exhibit "A" in the event the purchaser is purchasing the Notes for its own account and (ii) Exhibit "B" in the event the purchaser is purchasing the Notes for resale to the "public" (as hereinafter defined).

Establishment of Issue Price:

(a) The Borough intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) the Borough disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Borough may receive bids from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Borough anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

(b) If the successful bidder is a bank or local government unit purchasing for its own account the provisions of paragraphs (d) and (e) below shall not apply

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the Borough shall so advise the successful bidder. The Borough shall treat the first price at which 10% of the Notes (the "10% Test") is sold to the public as the

issue price of the Notes. The successful bidder shall advise the Borough if the Notes satisfy the 10% Test as of the date and time of the award of the Notes. The Borough will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of the Notes as the issue price of the Notes. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Notes will be subject to the 10% Test in order to establish the issue price of the Notes.

(d) If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to the Notes, the successful bidder agrees to promptly report to the Borough the prices at which the unsold Notes have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Notes. If the 10% Test is not met by the closing date, a supplemental issue price certificate must be provided.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Notes, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Notes, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any securities to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the Borough (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public);

(iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct

ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Notes are awarded by the Borough to the successful bidder.

The purchaser is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c.271, s.3) if the purchaser enters into agreements or contracts, such as its agreement to purchase the Notes, with a public entity, such as the Borough and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Borough, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Award of the Notes is expected to be made promptly after the opening of the proposals.

JAMES D'AURIA, Chief Financial Officer

OFFICIAL FORM OF PROPOSAL

June 18, 2019

Mr. James D' Auria
Chief Financial Officer
Borough of Runnemede
Municipal Building
24 N. Black Horse Pike
Runnemede, New Jersey 08078

Dear Mr. D' Auria:

Subject to the provisions of the Notice of Sale for the purchase of the \$1,619,750 principal amount, Bond Anticipation Notes of 2019, Series A ("Notes"), of the Borough of Runnemede, County of Camden, New Jersey, which Notice of Sale is made a part of this Proposal, we offer to purchase the Notes in the principal amount of \$1,619,750 bearing interest at the rate of _____% per annum, and will pay therefor \$_____ (not less than \$1,619,750), plus accrued interest thereon, if any.

Purchaser: _____

By: _____
Signature

Title

Telephone: _____

Please supply the following for informational purposes only and not as part of the foregoing Proposal:

Gross Interest Payable on Notes: \$ _____

Less: Premium on the Notes (if any): \$ _____

Net Interest Cost: \$ _____

Net Interest Rate: _____%

Exhibit "A"

\$1,619,750
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2019, SERIES A

CERTIFICATE OF PURCHASER
REGARDING YIELD AND ISSUE PRICE

The undersigned, an authorized representative of _____, as purchaser ("Purchaser") of the above-described obligations ("Notes"), hereby certifies as follows:

1. This certificate is delivered to the Borough of Runnemede, County of Camden, New Jersey ("Borough"), and may be relied upon in establishing the reasonable expectations of the Borough as to the matters stated herein as may be necessary or appropriate in the preparation by the Borough of a certificate relating to arbitrage matters in connection with the issuance of the Notes and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. Based upon prevailing market conditions on June 18, 2019, the date the Purchaser agreed to purchase the Notes ("Sale Date"), the Purchaser had no reason to believe that the fair market value of the Notes was in excess of the par amount thereof.

4. The Purchaser is the first purchaser of the Notes and has agreed to purchase the Notes at a price of \$1,619,750 ("Purchase Price"). The Notes shall bear interest (calculated on the basis of twelve (12) thirty (30) day months in a 360-day year) at a rate of _____%.

5. The Purchaser has not offered, and does not intend to offer any of the Notes for sale to the general public.

6. The issue price for the Notes is the Purchase Price.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of July, 2019.

_____, as Purchaser

By: _____

[NAME], [Title]

DRAFT

Exhibit "B"

\$1,619,750
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES OF 2019, SERIES A

CERTIFICATE OF UNDERWRITER
REGARDING ISSUE PRICE AND YIELD

The undersigned, an authorized representative of _____, as underwriter ("Underwriter") of the above-captioned obligations ("Notes"), hereby certifies as follows:

1. This certificate is delivered to the Borough of Runnemede, County of Camden, New Jersey ("Borough"), and may be relied upon in establishing the reasonable expectations of the Borough as to the matters stated herein as may be necessary or appropriate in the preparation by the Borough of a certificate relating to arbitrage matters in connection with the issuance of the Notes and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. On June 18, 2019 ("Sale Date"), the Underwriter submitted and the Borough accepted its competitive proposal to purchase the Notes.

4. [As of the date of this certificate, the Underwriter has not sold at least 10% of the Notes at a single price and agrees once it has sold at least 10% of the Notes at a single price, it will provide a Supplemental Issue Price Certificate to the Borough and Bond Counsel, which

date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Notes.] [As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public (as defined below) is _____.]

[5. The Underwriter has offered the Notes to the Public for purchase at the initial offering price listed in Schedule A ("Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

6. As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that: (i) it would neither offer nor sell any of the Notes to any person at a price that is higher than the Initial Offering Price during the Holding Period (as defined below) ("hold-the-offering-price rule"); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold the Notes at a price that is higher than the respective Initial Offering Price during the Holding Period.]

[5/7]. The Yield (as defined below) on the Notes to maturity is not less than _____%

[6/8]. Capitalized terms utilized herein and not otherwise defined shall have the meanings ascribed thereto below:

(i) "Public" shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the Borough (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public; and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public). The representations set forth in this certificate are limited to factual matters only.

(iii) "Yield" shall mean that discount rate, determined on the basis of one interest compounding period equal to the term of the Notes, which, when used in computing the present value of all unconditionally payable payments of principal (including original issue discount, if any), produces an amount equal to the aggregate issue price thereof.

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Underwriter has sold at least 10% of the Notes to the Public at a price that is no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Borough with respect to certain of the representations set forth in the Certificate as to Nonarbitrage and Other Tax Matters and with respect to compliance with the federal income tax rules affecting the Notes, and by Parker McCay P.A. in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Borough from time to time relating to the Notes.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of July, 2019.

_____, **as Underwriter**

By: _____
[NAME], [Title]

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2019

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Borough with certain tax covenants described herein, under existing law, interest on the Bonds and Notes (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 computing the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code. Interest on the Bonds and Notes is included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds and Notes in "adjusted current earnings". Interest on the Bonds and Notes may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and Notes and any gain from the sale thereof are 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.

\$3,744,000
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$2,194,000 General Improvement Bonds
\$1,550,000 Sewer Utility Bonds
(Bank Qualified) (Callable)

\$1,619,750
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES, SERIES 2019
Interest Rate: ___%
Yield: ___%
(Bank Qualified) (Non-Callable)

Dated: Date of Delivery

Bonds Due: February 1, as shown on inside front cover
Notes Due: July 2, 2020

The: (i) \$3,744,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds"); and (ii) \$1,619,750 principal amount of Bond Anticipation Notes, Series 2019 ("Notes"), of the Borough of Runnemede, County of Camden, New Jersey ("Borough"), shall each be issued in fully registered book-entry-only form without coupons. The Bonds shall be issued in minimum denominations 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. The Notes shall be issued in minimum denominations of \$100,000 or any integral multiple of \$100,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes.

The Bonds consist of: (i) \$2,194,000 General Improvement Bonds; and (ii) \$1,550,000 Sewer Utility Bonds. The principal of the Bonds shall be paid on their respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Borough or the Borough's hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on February 1 and August 1, commencing February 1, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions stated herein.

The Notes shall be dated and bear interest from July 3, 2019 (date of delivery) at the rate set forth above. The Notes shall mature on July 2, 2020 upon presentation and surrender of the Notes at the offices of the Borough. Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to their stated maturity date.

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

The Borough is issuing the Bonds pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2015-9, 2016-5 and 2017-7 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on June 5, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2019.

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Bond Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Borough; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Borough is issuing the Notes pursuant to: (i) the Local Bond Law; (ii) bond ordinance 2018-08, duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law ("Note Ordinance"); and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2019.

The Notes are being issued by the Borough to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Note Ordinance by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Borough; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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

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

The Bonds and Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough. Certain legal matters will be passed upon for the Borough by its Solicitor, Leonard J. Wood, Esquire of the law office Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Borough in connection with the issuance of the Bonds and Notes. Delivery of the Bonds and Notes is further subject to certain other conditions set forth herein. It is anticipated that the Bonds and Notes in definitive form will be available for delivery through DTC in New York, New York, on or about July 3, 2019.

MATURITY SCHEDULES

\$3,744,000

GENERAL OBLIGATION BONDS, SERIES 2019

Consisting of:

\$2,194,000 General Improvement Bonds

\$1,550,000 Sewer Utility Bonds

<u>Year</u>	<u>General Improvement Principal Amount</u>	<u>Sewer Principal Amount</u>	<u>Total Aggregate Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2020	\$134,000	\$30,000	\$164,000	%	%
2021	160,000	30,000	190,000		
2022	165,000	30,000	195,000		
2023	165,000	30,000	195,000		
2024	140,000	55,000	195,000		
2025	135,000	55,000	190,000		
2026	145,000	55,000	200,000		
2027	155,000	55,000	210,000		
2028	165,000	55,000	220,000		
2029	175,000	55,000	230,000		
2030	190,000	55,000	245,000		
2031	205,000	55,000	260,000		
2032	260,000	55,000	315,000		
2033	0	55,000	55,000		
2034	0	55,000	55,000		
2035	0	55,000	55,000		
2036	0	55,000	55,000		
2037	0	55,000	55,000		
2038	0	55,000	55,000		
2039	0	55,000	55,000		
2040	0	55,000	55,000		
2041	0	55,000	55,000		
2042	0	55,000	55,000		
2043	0	55,000	55,000		
2044	0	55,000	55,000		
2045	0	55,000	55,000		
2046	0	55,000	55,000		
2047	0	55,000	55,000		
2048	0	55,000	55,000		
2049	0	55,000	55,000		

\$1,619,750

BOND ANTICIPATION NOTES, SERIES 2019

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>
\$1,619,750	%	%	July 2, 2020

**BOROUGH OF RUNNEMEDE
COUNTY OF CAMDEN, NEW JERSEY**

Elected Officials

Nick Kappatos	Mayor
Patricia Tartaglia Passio	Council President
Robert Farrell	Councilmember
Eleanor M. Kelly	Councilmember
Craig Laubenstein	Councilmember
John Ranieri	Councilmember
Michael J. Root	Councilmember

James D'Auria
Chief Financial Officer/Administrator

Joyce Pinto
Borough Clerk/Tax Collector

Solicitor
Leonard J. Wood, Esquire
Wade, Long, Wood & Long, LLC
Laurel Springs, New Jersey

Auditor
Bowman & Company LLP
Voorhees, New Jersey

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

Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds and the Notes 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 Borough. The information contained herein has been provided by the Borough 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 Borough. 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 Borough Clerk during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds or the Notes 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 Borough or any underwriter.

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

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

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

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OFFICIAL STATEMENT

\$3,744,000
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019

Consisting of:
\$2,194,000 General Improvement Bonds
\$1,550,000 Sewer Utility Bonds
(Bank Qualified) (Callable)

\$1,619,750
BOROUGH OF RUNNEMEDE
County of Camden, New Jersey
BOND ANTICIPATION NOTES, SERIES 2019
(Bank Qualified) (Non-Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Borough of Runnemede, County of Camden, New Jersey ("Borough"), of its: (i) \$3,744,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds"); and (ii) \$1,619,750 principal amount of Bond Anticipation Notes, Series 2019 ("Notes"). The Bonds consist of: (i) \$2,194,000 General Improvement Bonds; and (ii) \$1,550,000 Sewer Utility Bonds.

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

AUTHORIZATION FOR THE BONDS AND THE NOTES

Bonds

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2015-9, 2016-5 and 2017-7 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Borough Council on June 5, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2019.

Notes

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinance 2018-08 ("Note Ordinance"), duly and finally adopted by the Borough Council and published in accordance with the requirements of Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2019.

PURPOSE OF THE ISSUE

Bonds

The Bonds are being issued by the Borough to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Bond Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Borough; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

Notes

The Notes are being issued by the Borough to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Note Ordinance by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Borough; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The capital improvements and equipment to be permanently financed with the proceeds of the Bonds and to be temporarily financed with the proceeds of the Notes include the following:

TABLE I - Bonds
General Improvement Bonds

Ordinance Number	Purpose/Improvement	Amount Authorized	Outstanding Notes	Bonds
2016-5	Various Capital Improvements and the Acquisition of Capital Equipment	\$1,320,500	\$1,320,500	\$1,320,000
2017-7	Various Capital Improvements and the Acquisition of Capital Equipment	874,000	874,000	874,000
	Total	\$2,194,500	\$2,194,500	\$2,194,000

Sewer Utility Bonds

Ordinance Number	Purpose/Improvement	Amount Authorized	Outstanding Notes	Bonds
2015-9	Various Capital Improvements	\$1,550,000	\$1,550,000	\$1,550,000
	Total	\$1,550,000	\$1,550,000	\$1,550,000

TABLE II – Notes

General Capital Notes

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Notes
2018-8	Various Capital Improvements	\$1,619,750	\$1,619,750	\$1,619,750
TOTAL		\$1,619,750	\$1,619,750	\$1,619,750

DESCRIPTION OF THE BONDS AND THE NOTES

General

Bonds

The Bonds will be issued in the aggregate principal amount of \$3,744,000. 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 February 1, 2020, in each year until maturity or earlier redemption. 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 AND THE NOTES--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 offices of the Chief Financial Officer of the Borough or the hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Chief Financial Officer of the Borough or the hereafter designated paying agent, if any, as of the close of business on the fifteenth (15th) day of the 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 Borough or its hereafter designated paying agent, if any.

Notes

The Notes will be issued in the principal amount of \$1,619,750, will be dated the date of issuance, will bear interest from that date at the rate set forth on the cover page hereof and will mature on July 2, 2020.

The Notes will be issued in fully registered book-entry-only form without coupons in minimum denominations of \$100,000 or any integral multiple of \$100,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. The principal of the Notes will be payable to the registered owners thereof at maturity upon presentation and surrender of the Notes at the offices of the Borough, acting as paying agent. Interest on each Note shall be payable at maturity to the registered owner of record thereof appearing on the registration books kept by the Borough.

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Notes is the responsibility of the DTC Participants and not the Borough. See "THE NOTES--Book-Entry Only System" herein.

Redemption Provisions

Bonds

The Bonds maturing on and after February 1, 2029 are subject to redemption prior to their stated maturity dates at the option of the Borough, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Borough shall determine and within any such maturity by lot) on any date on or after February 1, 2028, at a redemption price equal to one hundred percent (100%) of the principal amount of the 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 known address, if any, appearing on the registration books of the Borough. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the 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 Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Notes

The Notes are **not** subject to redemption prior to their stated maturity date.

Book-Entry-Only System¹

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

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

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

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not

¹ Source: The Depository Trust Company

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 and Notes 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 and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all the Bonds and Notes 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 and Notes 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 and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 or notes 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 and Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its hereafter designated paying agent, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Notes are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and Notes, 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 Borough or its hereafter designated paying agent, if any, 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 Borough or its hereafter designated paying agent, if any, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or its hereafter designated paying agent, if any, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Borough may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note 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 Borough believes to be reliable, but neither the Borough nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

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

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

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 and Notes, the following provisions would apply: (i) the Bonds and Notes may be exchanged for an equal principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Borough or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds and Notes may be registered on the books maintained by the Borough or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Borough or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Borough or its hereafter designated paying agent for the Bonds or Notes, if any; and (iii) for every exchange or registration of transfer of the Bonds and Notes, the Borough or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and Notes. In such event, interest on the Bonds and Notes 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 AND THE NOTES

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

general obligations of the Borough and are issued in anticipation of the issuance of bonds and, if not paid from the proceeds of such bonds or other funds, are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Borough without limitation as to rate or amount.

The Borough may pledge only its own credit and taxing power in respect of the Bonds and the Notes, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds and the Notes 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 and the Notes.

GENERAL INFORMATION REGARDING THE BOROUGH

General

General information concerning the Borough, 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) unaudited financial statements of the Borough for the year ended December 31, 2018 and (b) audited financial statements of the Borough for the years ending December 31, 2017, 2016, 2015, 2014 and 2013. 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, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2018 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

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 Borough 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 Borough 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 Borough, including the issuance of the Bonds and the Notes, will not exceed its three and one half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Borough 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 Borough 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 Borough or substantially reduce the ability of the Borough 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 Borough 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 Borough 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, or funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of such 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 Borough.

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 Borough'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, 2017 is on file with the Borough Clerk and is available for review during business hours, and is available online at the Borough's website: <https://Runnemedenj.org>.

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, 2018 is on file with the Borough Clerk and is available for review during business hours.

Local Budget Law

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

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

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

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

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

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

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

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Capital Budget

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

Utility Budget

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

Related Constitutional and Statutory Provisions

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

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

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

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

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements

of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

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

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

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

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds and the Notes 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 BOROUGH 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 AND THE NOTES.

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 reassessment of property within the Borough was for the 2013 tax year.

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

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

Tax Appeals

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

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Borough with the tax covenants described

below, under existing law, interest on the Bonds and the Notes 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, amended ("Code"), and is not a specific item of tax preference for the purpose of the alternative minimum tax imposed on individuals.

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

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

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

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

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 Borough **has** designated the Bonds and the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and the Notes 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 and the Notes. 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 and the Notes.

PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES 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 THE NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the Borough's Solicitor, Leonard J. Wood, Esq. of the law firm Wade, Long, Wood & Long, LLC, Laurel Springs, New Jersey ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds and the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds and the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Borough if adversely decided.

RATING

Moody's Investors Service ("Moody's"), has assigned a rating of "A1" to the Bonds based upon the creditworthiness of the Borough.

The Notes are not rated.

The rating for the Bonds reflects only the views of Moody's and an explanation of the significance of such rating may only be obtained from Moody's. The Borough furnished to Moody's certain information and materials concerning the Bonds and the Borough. There can be no assurance that the rating for the Bonds will be maintained for any given period of time or that such rating may not be raised, lowered or withdrawn entirely if, in Moody'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 Borough 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 and the Notes by certificates signed by various officers and officials of the Borough upon issuance and delivery of the Bonds and the Notes.

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

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

Bowman & Company LLP compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by _____, as underwriter ("Bond Underwriter"), pursuant to a Certificate of Determination and Award, dated June __, 2019. The Notes have been purchased from the Borough at a public sale by _____, as underwriter ("Notes Underwriter"; together with the Bond Underwriter, the "Underwriters"), pursuant to a Certificate of Determination and Award, dated June __, 2019. The Underwriters have purchased the Bonds and the Notes in accordance with the respective Notices of Sale. The Bonds and Notes are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Underwriters are each obligated to purchase all of the Bonds and Notes if any of the Bonds and Notes are purchased.

The Underwriters intend to offer the Bonds and Notes 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 Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds and Notes to the public. The Underwriters may offer and sell the Bonds and Notes to certain dealers (including dealers depositing Bonds

and Notes into investment trusts) at yields higher than the public offering yields set forth on the front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriters without prior notice.

LEGALITY FOR INVESTMENT

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

NO DEFAULT

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Borough with respect to the issuance of the Bonds and the Notes ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

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

As of the date hereof, the Borough is in compliance in all material respects with its previous undertakings with regard to continuing disclosure for prior obligations issues.

LEGAL MATTERS

The legality of the Bonds and the Notes will be subject to the approving legal opinions of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and the Notes and provide, *inter alia*, that the Bonds and the Notes are valid and binding obligations of the

Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough without limitation as to rate or amount for the payment of the Bonds and the Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and the Notes 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 Borough by its Solicitor, Leonard J. Wood, Esq., Laurel Springs, New Jersey.

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 and the Notes 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

Additional information may be obtained from James D'Auria, Chief Financial Officer of the Borough of Runnemede, at 856.939.5161 or the Municipal Advisor at 856.234.2266.

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 and Notes.

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.

BOROUGH OF RUNNEMEDE, NEW JERSEY

By: _____
JAMES D'AURIA, Chief Financial Officer

Dated: June __, 2019

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING
THE BOROUGH OF RUNNEMEDE,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

GENERAL INFORMATION ON THE BOROUGH

History

The Borough of Runnemede ("Borough") was created by an act of legislature on April 24, 1926. The physical boundaries of the Borough remain unchanged since that time.

Throughout the years, the Borough has changed from an agricultural to a residential community. It has many residential areas, retail shops and a quality school system.

Borough Government

The Borough operates under a Mayor-Council form of government with the Mayor being elected every four years and six members of council who are elected to three year terms. The Mayor performs the executive duties and the Council performs the legislative duties. The Borough created the position of Business Administrator in 2010. The Business Administrator manages the day to day operations of the Borough.

NJ Civil Service Act

As of 2009, the Borough of Runnemede employment practices are governed by the NJ Civil Service Act.

Parks and Recreation

Biking, hiking, jogging and other outdoor and indoor facilities are provided by the Borough. Year round athletic programs and civic functions are under the direction of the Mayor and Council.

Police

The police department operates from headquarters in the municipal building and consists of the Chief of Police, two captains, three sergeants, ten patrolmen and six special police officers. In addition the department employs two clerical personnel.

Public Works

The Borough highway department has the responsibility of street cleaning, road maintenance, snow removal and park and playground maintenance.

Water and Sewerage

Water is supplied to the majority of the community by New Jersey American Water Company. Sewerage is provided by the Borough.

Borough Employees

	<u>December 31,</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Full-time	44	41	39	35	40
Part-time	<u>89</u>	<u>82</u>	76	<u>87</u>	<u>75</u>
Total	<u>133</u>	<u>123</u>	<u>115</u>	<u>122</u>	<u>115</u>

Compensated Absences

Borough employees are entitled to one sick day per month of service in their first year of employment. Thereafter, fifteen days per year. Unused sick leave may be accumulated year to year without limit. Unused sick time has no monetary value at retirement. Borough employees are entitled to one vacation day per month of service in their first year. Thereafter, twelve days for year two through their tenth year of service; fifteen days after the completion of ten years through twenty years; twenty days after the completion of twenty years. Vacation leave not taken in a given year because of business demands shall accumulate and be granted during the next succeeding year only. Employees may be paid for current year accrued vacation time upon termination or retirement.

Employees may carry up to 480 hours of compensation time. Compensation time is payable upon termination or retirement. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Borough, Note 12 to Financial Statements.

Pension Plans

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

Insurance Programs

The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverages:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Public Officials Liability
- Casualty and Crime Coverage
- Property – Blanket Buildings and Grounds

Employee Collective Bargaining Units

The Borough of Runnemede FOP Lodge 56 represents 15 employees in the Police Department. The bargaining contract expires December 31, 2022.

The Government Workers Union represents 4 employees in the white collar clerical unit. The bargaining unit is currently in negotiations with a propose expiration date of December 31, 2021.

The Government Workers Union represents 8 employees in the public works blue collar unit. The bargaining unit is currently in negotiations with a propose expiration date of December 31, 2021.

The Camden County Uniform Firefighters Association IAFF Local I.A.F.F. Local 3249 represents 3 employees in the Fire Department. The bargaining contract expires December 31, 2020.

Population (1)

2010 Federal Census	8,468
2000 Federal Census	8,533
1990 Federal Census	9,042
1980 Federal Census	9,461
1970 Federal Census	10,475

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

Selected Census 2017 Data for the Borough (1)

Median household income	\$61,104
Median family income	\$70,375
Per capita income	\$27,155

Labor Force(2)

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Borough					
Labor Force	4,186	4,166	4,183	4,163	4,122
Employment	3,832	3,898	3,942	3,966	3,933
Unemployment	354	268	241	197	189
Unemployment Rate	8.5%	6.4	5.8%	4.7%	4.6%
County					
Labor Force	251,710	252,576	252,713	253,217	249,945
Employment	232,309	236,249	238,823	240,342	238,357
Unemployment	19,401	16,327	13,890	12,875	11,588
Unemployment Rate	7.7%	6.5%	5.5%	5.1%	4.6%
State					
Labor Force	4,487,700	4,489,000	4,474,700	4,453,500	4,422,900
Employment	4,183,500	4,229,200	4,252,100	4,247,500	4,239,600
Unemployment	303,500	259,800	222,600	206,000	183,400
Unemployment Rate	6.8%	5.8%	5.0%	4.6%	4.1%

Business, Industry and Transportation

Although the Borough is mainly a residential community, there are numerous industrial operations and retail establishments throughout the community.

Building, Zoning and Development Codes

Minimum land requirements for residential development varies but range from 20,000 square feet to 7,800 square feet for single family detached units. There are also zones designated for townhouses and flats at higher densities. There is a minimum requirement of 20,000 square feet of ground for industrial buildings. Commercial zoning minimum land requirements vary.

There have been revisions to the codes which have added new commercial/business and office development opportunities. Other revisions have been adopted to permit flexibility in the design and constructing of residential and commercial/industrial projects.

There are also subdivision and site plan ordinances which regulate the development of land in terms of required improvements. The Borough works with developers for business and industrial properties to assure that proposed developmental needs of the Borough and constraints of the site are all taken into consideration.

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

(2) Source: New Jersey Department of Labor

Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2019 (2)	332	\$2,037,413
2018	420	4,280,467
2017	550	5,684,293
2016	616	5,858,128
2015	429	4,311,034
2014	531	7,453,415

TEN LARGEST PRIVATE SECTOR EMPLOYERS IN THE COUNTY(3)

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Cooper University Health System	Hospital	7,000
American Water Works	Utility	6,900
Virtua Health System	Multi-hospital Healthcare System	4,000
Lockheed Martin	Communications	2,500
Global Aluminum (USA)	Materials	2,700
Bancroft NeuroHealth	Education, Rehabilitation & Treatment Services	2,500
Campbell Soup Company	Prepared Food Products	2,500
Our Lady of Lourdes Health System	Health Care System	2,500
Diocese of Camden County New Jersey	Services	2,000
Our Lady of Lourdes Health System	Health Care System	2,500
Kennedy Health System	Hospitals/Ambulatory Facilities	2,000

GENERAL INFORMATION ON THE SCHOOL DISTRICT(4)**Education**

The Board of Education of the Borough of Runnemede consists of three elementary schools, grades K-8. Students 9-12 attend one of the three high schools of the Black Horse Pike Regional School District.

(1) Source: Borough Construction Office

(2) As of May 29, 2019

(3) Internet

(4) Source: School District Officials

School District Enrollments(1)

<u>Grade</u>	<u>Year End</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Pre-School	55	55	55	56	54
K	86	87	92	95	97
1	93	90	87	103	93
2	79	102	80	84	99
3	89	74	100	91	81
4	95	98	79	99	86
5	89	97	93	87	97
6	104	93	99	89	85
7	98	105	95	99	87
8	87	96	103	92	99
Special Education Out of District	<u>11</u>	<u>9</u>	<u>15</u>	<u>12</u>	<u>9</u>
Totals	<u>886</u>	<u>906</u>	<u>898</u>	<u>907</u>	<u>887</u>

Present School Facilities, Enrollment and Capacity(1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2018</u>	<u>Functional Capacity</u>
Downing	1929	---	K-3	174	284
Bingham	1931	1998	K-3, Spec. Ed.	171	338
Mary E. Voltz	1957	1974, 1998	PreK, 4-8, Spec. Ed.	<u>477</u>	<u>661</u>
				<u>822</u> (2)	<u>1,283</u>

Black Horse Pike Regional School District Enrollments (3)(4)

<u>Grade</u>	<u>October 15,</u>				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
9	79	61	69	63	70
10	65	58	58	66	67
11	70	62	59	56	64
12	67	61	64	57	58
Spec. Ed.	<u>46</u>	<u>35</u>	<u>38</u>	<u>38</u>	<u>37</u>
Totals	<u>327</u>	<u>277</u>	<u>288</u>	<u>280</u>	<u>296</u>

(1) Source: School District Officials
 (2) Total does not include out of district students
 (3) Source: Regional School District Officials
 (4) Runnemedede Borough students only.

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. For the 2017-2018 school year, there were approximately 5,776 undergraduate students and 1,395 graduate students.

Camden County College

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

As of the Fall of 2018, full time enrollment was 4,271 and part-time enrollment was 5,404 for a total of 9,675.

Camden County Technical Schools

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

For high school students, there are 32 career programs from which to choose. For the 2018-2019 school year, 1,331 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 270 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name</u>	<u>Type of Business</u>	<u>2019 Assessed Value</u>
Presidential Associates	Apartments	\$10,205,100
Hartford Plaza LTD	Plaza	10,108,400
The Meadows at Runnemedede Investors	Apartments	10,056,800
DPE Runnemedede Associates, LLC	Industrial Park	7,149,200
Runnemedede Lodging Investors	Apartments	4,338,800
Sintara Corporation	Retail Stores	3,830,600
East Coast Enterprises, Inc.	Beauty Salon Supplier	3,273,600
Runnemedede Associates	Retail Automotive Dealer	2,966,500
D&P 155 Runnemedede Associates LP	Industrial Park	2,394,200
Oak Ridge Apartments, LLC	Apartments	1,984,000

CURRENT TAX COLLECTIONS (3)

<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>
2018 (2) \$	19,774,031 \$	19,447,549 \$	98.35%	321,313 \$	1.62%
2017	19,343,182	19,009,579	98.28%	314,833	1.63%
2016	19,135,785	18,796,806	98.23%	279,176	1.49%
2015	19,194,181	18,770,189	97.79%	373,207	1.99%
2014	19,047,586	18,482,129	97.03%	558,561	2.93%

DELINQUENT TAXES (3)

<u>Year</u>	<u>Outstanding Beginning</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Year-end</u>
			<u>Amount</u>	<u>Percentage</u>			
2018 (2) \$	315,345 \$	9,000 \$	313,718 \$	96.72%	10,375 \$	-	252 \$
2017	279,679	13,350	290,812	99.24%	1,454 \$	251 \$	513
2016	374,219	14,250	384,488	98.98%	3,476	2	503
2015	559,063	17,316	551,650	95.71%	23,181	537	1,012
2014	424,370	20,786	443,823	99.70%	813	17	502

(1) Source: Borough Tax Assessor's Office

(2) Information from Annual Compiled Financial Statement

(3) Source: Annual Reports of Audit, unless otherwise noted

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Cancellations and Transfers</u>	<u>Balance Year-end</u>
2018	(2) \$ 77,160	\$ 17,657	\$ 327	\$ -	\$ 94,490
2017	77,120	6,661	6,621	-	77,160
2016	157,597	11,622	92,100	-	77,120
2015	63,563	94,034	-	-	157,597
2014	56,289	7,516	242	-	63,563

FORECLOSED PROPERTY (1)(3)

<u>Year</u>	<u>Balance Beginning</u>	<u>Added By Transfer</u>	<u>Adjustments</u>	<u>Balance Year-End</u>
2018	(2) \$ 23,818	\$ -	\$ -	\$ 23,818
2017	23,818	-	-	23,818
2016	23,818	-	-	23,818
2015	23,818	-	-	23,818
2014	23,818	-	-	23,818

CURRENT SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy Amount</u>	<u>Percentage</u>	<u>Outstanding Dec. 31 Amount</u>	<u>Percentage</u>
2018	(2) \$ 55,071	\$ 774,541	\$ 769,652	99.37%	\$ 57,370	7.41%
2017	53,701	779,122	777,752	99.82%	55,071	7.07%
2016	62,115	774,417	782,830	101.09%	53,701	6.86%
2015	47,814	787,931	773,631	98.19%	62,115	8.03%
2014	73,118	779,893	805,197	94.39%	47,814	5.61%

(1) Source: Annual 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

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES

Tax Rate (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Regional</u>			
			<u>County</u>	<u>Local School</u>	<u>High School</u>	<u>Municipal</u>
2018	\$ 501,911,120	\$ 3.937	\$ 0.863	\$ 1.445	\$ 0.577	\$ 1.052
2017	504,103,965	3.836	0.843	1.410	0.549	1.034
2016	504,921,584	3.788	0.837	1.380	0.559	1.012
2015	505,129,225	3.799	0.846	1.353	0.588	1.012
2014	506,582,363	3.750	0.841	1.322	0.568	1.019

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITAL(2)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita</u>
2018	\$ 500,816,900	97.94%	\$ 511,350,725	\$ 60,386 (3)
2017	503,042,000	99.90%	503,545,546	59,465 (3)
2016	503,868,300	100.29%	502,411,307	59,331 (3)
2015	504,080,600	98.34%	512,589,587	60,533 (3)
2014	505,560,600	95.86%	527,394,742	62,281 (3)

REAL PROPERTY CLASSIFICATION(4)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>					
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>
2019	\$ 501,096,700	\$ 3,867,600	\$ 380,498,600	\$ 73,614,400	\$ 16,397,100	\$ 26,719,000
2018	500,816,900	3,772,500	380,223,700	73,704,600	16,397,100	26,719,000
2017	503,042,000	3,765,000	380,802,400	75,358,500	16,397,100	26,719,000
2016	503,868,300	3,884,400	380,679,000	75,988,800	16,597,100	26,719,000
2015	504,080,600	3,876,000	381,090,800	75,673,700	16,597,100	26,843,000

(1) per \$100 of assessed valuation

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

(3) Based on Federal Census 2010 of 8,468

(4) Source: Borough Tax Assessor's Office

**BOROUGH OF RUNNEMEDE
STATEMENT OF INDEBTEDNESS(1)**

The following table summarizes the direct debt of the Borough as of December 31, 2018, in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2. et. seq.) The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Sewer Utility and debt of the Regional School District. Deductions from gross debt to arrive at net debt include school debt, New Jersey transportation trust, as well as, debt considered to be self-liquidating. The resulting net debt of \$8,467,836 represents 1.658% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds/Loans	Notes			School District	Self- Liquidating	NJ Transportation Trust	
General	\$ 4,752,621	\$ 3,814,250	\$ 750	\$ 8,567,621			\$ 99,785	\$ 8,467,836
Regional School District	258,515			258,515	\$ 258,515			
Sewer Utility	1,236,972	1,550,000	384,328	3,171,300		\$ 3,171,300		
	<u>\$ 5,011,136</u>	<u>\$ 3,814,250</u>	<u>\$ 385,078</u>	<u>\$ 11,997,436</u>	<u>\$ 258,515</u>	<u>\$ 3,171,300</u>	<u>\$ 99,785</u>	<u>\$ 8,467,836</u>

(1) As of December 31, 2018

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	\$	510,727,009
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018		1.658%
2018 Net Valuation Taxable	\$	501,911,120
2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$	512,444,945
Gross Debt (2)		
As a Percentage of 2018 Net Valuation Taxable		2.39%
As a Percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		2.34%
Net Debt (2)		
As a Percentage of 2018 Net Valuation Taxable		1.69%
As a Percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications		1.65%
Gross Debt per Capita(3)	\$	1,417
Net Debt per Capita(3)	\$	1,000

(1) As of December 31, 2018

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 8,468

BOROUGH BORROWING CAPACITY(1)

3.5% of Average (2016-18) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$510,727,009)	\$ 17,875,445
Net Debt	<u>(8,467,836)</u>
Remaining Borrowing Capacity	<u>\$ 9,407,609</u>

LOCAL SCHOOL BORROWING CAPACITY(1)

3% of Average (2016-18) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$510,727,009)	\$ 15,321,810
Local School Debt	<u>-</u>
Remaining Borrowing Capacity	<u>\$ 15,321,810</u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY(1)

3% of Average (2016-18) Equalized Valuation of Real Property with Improvements Including Improvements (\$5,644,332,869)	\$ 169,329,986
Regional School Debt (2)	<u>(2,857,000)</u>
Remaining Borrowing Capacity	<u>\$ 166,472,986</u>

(1) As of December 31, 2018

(2) Debt portion allocated to the Borough is \$258,515

**BOROUGH OF RUNNEMEDE
OVERLAPPING DEBT
AS OF DECEMBER 31, 2018**

	DEBT ISSUED				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 36,870,000	\$ 4,597,984 (2)	\$ 32,272,016	\$ 435,672 (4)	\$ 28,877,825
Notes	35,461,125		35,461,125	478,725 (4)	
Loan Agreements	308,746,532		308,746,532	4,168,078 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	268,301,335	263,081,335 (3)	5,220,000	70,470 (4)	
	<u>\$ 649,378,992</u>	<u>\$ 267,679,319</u>	<u>\$ 381,699,673</u>	<u>\$ 5,152,946</u>	<u>\$ 28,877,825</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2018 Net Valuation on which County taxes are apportioned, which is 1.35%.

Camden County Municipal Utilities Authority

The Camden County Municipal Utilities Authority (“CCMUA”) is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority (“Sewerage Authority”) by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA (“Deficiency Agreement”) whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA’s regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA’s bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. ***To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.*** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

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

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

The gross debt as of December 31, 2018 for the CCMUA was \$203,282,026. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

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

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2018 was \$415,177,178.

**BOROUGH OF RUNNEMEDE
SCHEDULE OF BOROUGH DEBT SERVICE
(BONDED DEBT ONLY)**

Year	Existing Debt (1)						2019 General Obligation Bonds						Grand Total
	General Debt			Sewer Debt			General Debt			Sewer Debt			
	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total	Interest	Principal	Total	
2019	\$ 120,088	\$ 275,000	\$ 395,088	\$ 600	\$ 15,000	\$ 15,600							
2020	114,588	280,000	394,588	300	15,000	15,300	\$ 134,000	\$ 134,000		\$ 30,000	\$ 30,000		
2021	108,988	295,000	403,988				160,000	160,000		30,000	30,000		
2022	103,088	300,000	403,088				165,000	165,000		30,000	30,000		
2023	97,088	305,000	402,088				165,000	165,000		30,000	30,000		
2024	87,938	340,000	427,938				140,000	140,000		55,000	55,000		
2025	77,738	355,000	432,738				135,000	135,000		55,000	55,000		
2026	67,088	355,000	422,088				145,000	145,000		55,000	55,000		
2027	56,438	360,000	416,438				155,000	155,000		55,000	55,000		
2028	45,638	365,000	410,638				165,000	165,000		55,000	55,000		
2029	34,688	370,000	404,688				175,000	175,000		55,000	55,000		
2030	23,588	370,000	393,588				190,000	190,000		55,000	55,000		
2031	12,025	370,000	382,025				205,000	205,000		55,000	55,000		
2032							260,000	260,000		55,000	55,000		
2033										55,000	55,000		
2034										55,000	55,000		
2035										55,000	55,000		
2036										55,000	55,000		
2037										55,000	55,000		
2038										55,000	55,000		
2039										55,000	55,000		
2040										55,000	55,000		
2041										55,000	55,000		
2042										55,000	55,000		
2043										55,000	55,000		
2044										55,000	55,000		
2045										55,000	55,000		
2046										55,000	55,000		
2047										55,000	55,000		
2048										55,000	55,000		
2049										55,000	55,000		
	\$ 948,975	\$ 4,340,000	\$ 5,288,975	\$ 900	\$ 30,000	\$ 30,900	\$ -	\$ 2,194,000	\$ 2,194,000	\$ -	\$ 1,550,000	\$ 1,550,000	\$ -

(1) As of December 31, 2018, excluding NJEIT Loans in the amount of \$1,206,972 and a Green Acres Loan in the amount of \$412,621.

Source: Borough Auditor

BOROUGH OF RUNNEMEDE
2019 MUNICIPAL BUDGET (1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 565,000
Miscellaneous Revenues:	
Local Revenues	419,485
State Aid without Offsetting Appropriations	887,179
Shared Service Agreements	207,561
Additional Revenues	65,000
Public and Private Programs Offset with Appropriations	496,550
Other Special Items of Revenue	556,947
Receipts from Delinquent Taxes	295,000
Amount to be Raised by Taxation for Municipal Purposes	<u>5,504,278</u>
Total Appropriated Revenues	<u><u>\$ 8,997,000</u></u>

Appropriations:	
Within CAPS:	
Operations	\$ 6,133,310
Deferred Charges and Statutory Expenditures	843,515
Excluded from CAPS:	
Other Operations	180,760
Shared Service Agreements	253,211
Public and Private Programs	124,430
Capital Improvements	400,000
Debt Service	493,182
Deferred Charges	95,000
Reserve for Uncollected Taxes	<u>473,593</u>
Total Appropriations	<u><u>\$ 8,997,000</u></u>

SEWER UTILITY

Anticipated Revenues:	
Operating Surplus	\$ 127,000
Rents	769,000
Miscellaneous	<u>24,000</u>
Total Anticipated Revenues	<u><u>\$ 920,000</u></u>

Appropriations:	
Operating	\$ 578,815
Capital Improvement	10,000
Debt Service	281,185
Deferred Charges and Statutory Expenditures	<u>50,000</u>
Total Appropriations	<u><u>\$ 920,000</u></u>

(1) 2019 Introduced Budget.

**BOROUGH OF RUNNEMEDE
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2021 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>	
			<u>General</u>	<u>Self Liquidating</u>
General Capital:				
Improvements to Buildings and Grounds	\$ 412,000	\$ 20,600	\$ 391,400	
Public Works Department Road Improvements and Equipment	1,653,500	82,675	1,570,825	
Fire Department Equipment	250,000	12,500	237,500	
Police Department Equipment	180,000	9,000	171,000	
Improvements to Parks/Recreation	93,000	4,650	88,350	
Sewer Utility:				
Sewer Improvements	150,000			\$ 150,000
Totals--All Projects	<u>\$ 2,738,500</u>	<u>\$ 129,425</u>	<u>\$ 2,459,075</u>	<u>\$ 150,000</u>

(1) 2019 Introduced Budget.

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS OF THE
BOROUGH OF RUNNEMEDE,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

FOR THE YEAR ENDED 2018
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Runnemede
Runnemede, New Jersey 08078

Management is responsible for the accompanying financial statements of the Borough of Runnemede, in the County of Camden, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2018 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 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.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

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

/s/ Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 15, 2019

BOROUGH OF RUNNEMEDE
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS	
Cash and Cash Equivalents:	
Cash--Municipal Finance Officer	<u>\$1,748,825</u>
Total Cash and Cash Equivalents	<u>1,748,825</u>
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes	321,566
Tax Title Liens Receivable	94,490
Prepaid Local District School Tax	2
Prepaid Regional High School Tax	30
Revenue Accounts Receivable	7,719
Accounts Receivable--Other	271
Accounts Receivable--Transportation Trust Fund Aid	63,838
Property Acquired for Taxes - Assessed Valuation	23,818
Due Camden County Utility Authority	1,736
Due from Bank	3,541
Due from Municipal Court	247
Interfunds Receivable:	
Other Trust	150,000
General Capital Fund	<u>15,405</u>
Total Receivables and Other Assets with Full Reserves	<u>682,661</u>
Deferred Charges:	
Emergency Appropriation - One Year	<u>95,000</u>
Total Deferred Charges	<u>95,000</u>
Total Current Fund	<u>2,526,486</u>
Federal and State Grant Fund:	
Cash	243,472
Federal and State Grants Receivable	<u>116,342</u>
Total Federal and State Grant Fund	<u>359,813</u>
Total Assets	<u><u>\$2,886,299</u></u>

BOROUGH OF RUNNEMEDE
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

LIABILITIES, RESERVES AND FUND BALANCE	
Appropriation Reserves	<u>\$433,646</u>
Other Liabilities and Reserves:	
Reserve for Encumbrances	131,532
Accounts Payable	10,652
Due County for Added and Omitted Taxes	3,023
Prepaid Taxes	151,930
Contracts Payable	24,279
Unallocated Receipts	884
Tax Overpayments	10,043
Amount Due State of New Jersey:	
Senior Citizens and Veterans Deductions	101,825
Reserve for Codification of Ordinances	1,241
Reserve for Reassessment Program	11,806
Reserve for Sale of Municipal Assets	<u>7,536</u>
Total Appropriation Reserves, Other Liabilities and Reserves	<u>888,395</u>
Reserve for Receivables and Other Assets	<u>682,661</u>
Fund Balance	<u>955,430</u>
Total Current Fund	<u>2,526,486</u>
Federal and State Grant Fund:	
Encumbrances Payable	4,047
Due General Capital Fund	208,000
Reserve for Grants:	
Appropriated	124,402
Unappropriated	<u>23,364</u>
Total Federal and State Grant Fund	<u>359,813</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$2,886,299</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OPERATING FUND--REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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Revenue and Other Income Realized:	
Receipts from Current Taxes	\$19,447,549
Receipts from Delinquent Taxes	<u>314,045</u>
Total Taxes	19,761,594
Miscellaneous Revenue Anticipated	2,784,804
Other Income	326,232
Fund Balance Utilized	<u>742,750</u>
Total Income	<u>23,615,379</u>
Expenditures:	
Budget Appropriations:	
Operating	7,048,674
Capital Improvements	85,250
Municipal Debt Service	672,748
Deferred Charges	789,294
County Taxes	4,329,168
Local District School Tax	7,248,290
Regional High School Tax	2,899,211
Other Expenditures	9,000
Creation of Reserve for Interfunds	<u>165,405</u>
Total Expenditures	<u>23,247,040</u>
Excess in Revenue	368,339
Adjustments to Income Before Fund Balance:	
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>95,000</u>
	463,339
Fund Balance:	
Balance January 1	<u>1,234,841</u>
	1,698,180
Decreased by Utilization as Anticipated Revenue	<u>742,750</u>
Balance--December 31	<u><u>\$955,430</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash and Cash Equivalents	\$1,090,375
Interfunds Receivable	<u>258,069</u>
Total Assets	<u><u>\$1,348,444</u></u>

LIABILITIES AND RESERVES

Other Liabilities and Reserves:	
Encumbrances Payable	\$2,239
Due State of New Jersey	400
Due Runnemeade Sewerage Authority	8,069
Due to Contractor	2,200
Street Opening Deposits	21,187
Reserves:	
Animal Control Expenditures	15,418
CDBG	75,922
Payroll Account	2,973
Other Reserves	<u>1,020,359</u>
Total Other Liabilities and Reserves	1,148,767
Interfunds Payable	<u>199,677</u>
Total Liabilities and Reserves	<u><u>\$1,348,444</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$153,532
State Aid Receivable	235,066
Note Receivable--Runsen House	300,000
Grants Receivable--CDBG	173,286
Interfunds Receivable	257,677
Deferred Charges to Future Taxation:	
Funded	4,752,621
Unfunded	3,815,000
	\$9,687,181
Total Assets	\$9,687,181

**LIABILITIES, RESERVES AND
FUND BALANCE**

General Capital Bonds	\$4,340,000
Bond Anticipation Notes	3,814,250
Loans Payable	412,621
Other Liabilities and Reserves:	
Encumbrances Payable	187,843
Interfund Payables	15,405
Reserve for Note Receivable	300,000
Reserve for State Aid Receivable	99,786
Capital Improvement Fund	200
Improvement Authorizations:	
Funded	37,020
Unfunded	480,056
	\$9,687,181
Total Liabilities, Reserves and Fund Balance	\$9,687,181

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
SEWER UTILITY OPERATING FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS	
Cash	\$211,782
Interfund Receivables	<u>15,258</u>
	227,040
Receivables with Full Reserves:	
Consumer Accounts Receivable	57,370
Due from Bank	166
Liens Receivable	<u>3,208</u>
	<u>60,743</u>
Deferred Charges	<u>21,000</u>
Total Deferred Charges	<u>21,000</u>
Total Assets	<u><u>\$308,783</u></u>
LIABILITIES, RESERVES AND FUND BALANCE	
Appropriation Reserves	\$28,447
Accounts Payable	14,111
Other Liabilities and Reserves:	
Reserve for Encumbrances	12,518
Accrued Interest on Bonds, Loans and Notes	23,293
Interfund Payables	8,069
Escrow Deposits	<u>2,661</u>
	89,099
Reserve for Receivables	60,743
Fund Balance	<u>158,940</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$308,783</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
UTILITY OPERATING--REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenue and Other Income Realized:	
Fund Balance Anticipated	\$20,000
Utility Rents	769,652
Miscellaneous Revenues	<u>35,555</u>
Total Budget Revenues	825,207
Other Credits to Income	<u>2,329</u>
Total Revenues	<u>827,536</u>
Expenditures:	
Utility Operating Fund	489,100
Capital Improvements	21,000
Utility Debt Service	306,133
Utility Deferred Charges and Statutory Exp.	<u>27,000</u>
Total Budget Expenditures	<u>843,233</u>
Deficit in Revenues	(15,697)
Adjustment to income Before Fund Balance:	
Expenditures Included Above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>21,000</u>
Total Expenditures	848,536
Statutory Excess to Fund Balance	5,303
Fund Balance--January 1	<u>173,637</u>
	178,940
Decreased by Utilization as Anticipated Revenue	<u>20,000</u>
Fund Balance--December 31	<u><u>\$158,940</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
SEWER UTILITY CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$144,650
NJEIT Loan Receivable	234,328
Fixed Capital	3,730,058
Fixed Capital Authorized and Uncompleted	<u>3,825,000</u>
Total Assets	<u><u>\$7,934,037</u></u>

LIABILITIES AND RESERVES

Reserve for Encumbrances	\$87,133
NJEIT Environmental Infrastructure Loans	1,206,972
Serial Bonds Payable	30,000
Bond Anticipation Notes Payable	1,550,000
Interfunds Payable	15,258
Other Liabilities and Reserves:	
Capital Improvement Fund	5,000
Improvement Authorizations:	
Funded	264,675
Unfunded	391,240
Reserve for Amortization	<u>4,383,759</u>
Total Liabilities and Reserves	<u><u>\$7,934,037</u></u>

See Independent Accountant's Compilation Report and selected notes.

BOROUGH OF RUNNEMEDE
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Runnemede is a New Jersey Municipal Corporation located in the County of Camden, approximately fifteen miles southeast of the City of Philadelphia. The population according to the 2010 census is 8,468.

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four-year term. The Council consists of six members elected to three-year terms. However, executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Runnemede Free Public Library
Broadway and Elm Avenue
Runnemede, New Jersey 08078

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough 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 Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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 Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough 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 Borough 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 Borough's basic financial statements.

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

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

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

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

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

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

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

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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Runnemede School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional high school districts for the period from January 1 to December 31.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Runnemede Free Public Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough 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.

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

Expenditures (Cont'd) - Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

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

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

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

FOR THE YEARS ENDED 2017, 2016, 2015, 2014 AND 2013

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Runnemede
Runnemede, New Jersey 08078

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Runnemede, in the County of Camden, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Michael D. Cesaro
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
June 27, 2018

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Regular Fund:					
Cash	\$ 2,194,372.62	\$ 1,903,770.99	\$ 2,087,128.69	\$ 2,142,168.76	\$ 1,458,250.65
Cash--Change Funds	400.00	400.00	400.00	400.00	400.00
	<u>2,194,772.62</u>	<u>1,904,170.99</u>	<u>2,087,528.69</u>	<u>2,142,568.76</u>	<u>1,458,650.65</u>
Receivable with Full Reserves:					
Delinquent Property Taxes Receivable	315,345.39	279,678.66	374,218.93	559,063.39	424,369.84
Tax Title Liens Receivable	77,159.63	77,119.57	157,597.11	63,563.06	56,288.92
Property Acquired for Taxes--Assessed Valuation	23,817.50	23,817.50	23,817.50	23,817.50	23,817.50
Revenue Accounts Receivable	7,719.40	8,729.95	7,418.92	12,460.75	11,003.15
Due from Municipal Court	247.35	247.35	247.35	247.35	247.35
Prepaid County Taxes	0.11	0.11	0.11		
Prepaid Local School Taxes	1.99	1.99	2.49	2.49	2.49
Prepaid Regional High School Taxes	29.58	29.58	29.58	29.58	29.58
Due from Animal Control Fund		504.49	504.49	504.49	504.49
Due from Trust Other Fund	79,622.85	87,296.79	89,786.79	95,341.23	78,613.73
Due from Community Development Block Grant Fund			80,290.34	80,290.34	73,431.96
Due from General Capital Fund					310,000.00
Accounts Receivable - Other	270.55	270.55	270.55	270.55	270.55
Due from Bank	3,540.80	3,540.80	3,540.80	3,540.80	2,170.80
Due Camden County Utility Authority	1,736.09	1,736.09	1,736.09	1,736.09	1,736.09
Accounts Receivable - Transportation Trust Fund Aid	63,837.90	63,837.90	63,837.90	63,837.90	63,837.90
	<u>573,329.14</u>	<u>546,811.33</u>	<u>803,298.95</u>	<u>904,705.52</u>	<u>1,046,324.35</u>
Deferred Charges:					
Special Emergency Appropriation		24,000.00	48,000.00	72,000.00	96,000.00
Emergency Appropriation		185,000.00			
Overexpenditure of Appropriation					20,000.08
	<u>-</u>	<u>209,000.00</u>	<u>48,000.00</u>	<u>72,000.00</u>	<u>116,000.08</u>
	<u>2,768,101.76</u>	<u>2,659,982.32</u>	<u>2,938,827.64</u>	<u>3,119,274.28</u>	<u>2,620,975.08</u>
Federal and State Grant Fund:					
Cash	223,928.84	106,781.76	6,302.14	275,090.54	29,045.44
Federal and State Grant Receivable	130,222.84	152,164.23	286,238.19	293,288.60	1,129,758.26
	<u>354,151.68</u>	<u>258,945.99</u>	<u>292,540.33</u>	<u>568,379.14</u>	<u>1,158,803.70</u>
	<u>\$ 3,122,253.44</u>	<u>\$ 2,918,928.31</u>	<u>\$ 3,231,367.97</u>	<u>\$ 3,687,653.42</u>	<u>\$ 3,779,778.78</u>

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statements of Assets, Liabilities, Reserves and Fund Balance-- Regulatory Basis

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Regular Fund:					
Liabilities:					
Appropriation Reserves	\$ 219,888.66	\$ 43,787.34	\$ 139,029.26	\$ 284,162.49	\$ 253,559.43
Reserve for Encumbrances	217,448.12	149,772.77	162,476.56	110,102.31	50,074.58
Unallocated Receipts	883.75	883.75	883.75	883.75	883.75
Due to State of New Jersey (Ch. 73, P.L. 1976)	101,556.05	99,864.47	99,563.29	99,928.36	108,209.17
Prepaid Taxes	195,961.20	130,734.20	92,881.31	247,991.79	118,253.20
Tax Overpayments	10,145.56			1,295.41	12,852.07
Accounts Payable	17,922.68	61,846.52	8,599.59	17,578.30	72,062.70
Contracts Payable	24,279.08	24,279.08	24,279.08	24,279.08	24,279.08
Due County for Added and Omitted Taxes	1,264.50	2,067.99	962.40	11,375.58	7,436.35
Reserve for Reassessment Program	11,805.86	11,805.86	11,805.86	11,805.86	11,805.86
Reserve for Codification of Ordinances	1,240.96	1,240.96	1,240.96	1,240.96	1,240.96
Reserve for Sale of Municipal Assets	7,535.50	7,535.50	7,535.50	7,535.50	7,535.50
Due General Capital Fund	150,000.00	19,155.00	23,678.04	45,466.06	
Due Sewer Utility Operating Fund			85,720.00	198,280.10	220,900.20
Due Sewer Utility Capital Fund			75,000.00	75,000.00	75,000.00
	<u>959,931.92</u>	<u>552,973.44</u>	<u>733,655.60</u>	<u>1,136,925.55</u>	<u>964,092.85</u>
Reserve for Receivables and Other Assets	573,329.14	546,811.33	803,298.95	904,705.52	1,046,324.35
Fund Balance	<u>1,234,840.70</u>	<u>1,560,197.55</u>	<u>1,401,873.09</u>	<u>1,077,643.21</u>	<u>610,557.88</u>
	<u>2,768,101.76</u>	<u>2,659,982.32</u>	<u>2,938,827.64</u>	<u>3,119,274.28</u>	<u>2,620,975.08</u>
Federal and State Grant Fund:					
Due to General Capital Fund		110,199.96	97,409.91	297,409.91	297,409.91
Reserve for Encumbrances	3,694.60	25,788.46	8,517.58	3,081.05	643,096.66
Federal and State Grants Unappropriated	238,725.79	9,773.62	33,764.02	65,949.02	40,707.42
Federal and State Grants Appropriated	111,731.29	113,183.95	152,848.82	201,939.16	177,589.71
	<u>354,151.68</u>	<u>258,945.99</u>	<u>292,540.33</u>	<u>568,379.14</u>	<u>1,158,803.70</u>
	<u>\$ 3,122,253.44</u>	<u>\$ 2,918,928.31</u>	<u>\$ 3,231,367.97</u>	<u>\$ 3,687,653.42</u>	<u>\$ 3,779,778.78</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
CURRENT FUND
Statements of Operations and Changes in Fund Balance--Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 759,085.00	\$ 574,085.00	\$ 473,244.91	\$ 315,000.00	\$ 302,800.00
Miscellaneous Revenue Anticipated	2,078,122.42	2,111,467.73	2,207,151.09	1,910,721.75	3,080,469.08
Receipts from Delinquent Taxes	297,432.28	476,588.11	551,650.04	444,064.33	467,195.30
Receipts from Current Taxes	19,009,578.69	18,796,805.98	18,770,189.29	18,482,129.17	18,158,420.67
Non-Budget Revenue	177,684.49	241,015.43	116,150.12	58,433.30	52,577.01
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	26,940.23	85,889.12	205,433.13	246,066.38	225,183.88
Refund of Prior Year Expenditures				57,499.51	
Cancellation of Prior Year's Payables		1,460.55	13,547.99		
Reserves Liquidated:					
Prepaid Local School Taxes		0.50			
Prepaid Regional High School Taxes					0.40
Due from Animal Control Fund	504.49				
Due from Trust Other Fund	7,673.94	2,490.00	5,554.44		23,418.16
Due from General Capital Fund				310,000.00	
Due from CDBG Trust Fund		80,290.34			
Total Income	22,357,021.54	22,370,092.76	22,342,921.01	21,823,914.44	22,310,064.50
<u>Expenditures</u>					
Budget and Emergency Appropriations:					
Operations Within "CAPS"					
Salaries and Wages	2,707,050.00	2,623,364.47	2,523,236.50	2,395,494.00	2,486,753.14
Other Expenses	3,084,900.00	2,956,435.53	2,817,370.57	2,743,473.00	2,511,439.44
Deferred Charges and Statutory Expenditures--					
Municipal--Within "CAPS"					
Operations--Excluded from "CAPS"	775,697.00	679,160.00	680,112.93	669,546.55	709,252.00
Salaries and Wages	212,355.00	212,635.81	186,314.82	324,725.00	329,029.97
Other Expenses	190,953.95	269,644.36	443,170.47	245,937.72	1,383,437.68
Capital Improvements--Excluded from "CAPS"	25,000.00	25,000.00	50,000.00	50,000.00	50,000.00
Municipal Debt Service--Excluded from "CAPS"	646,648.37	1,004,081.91	737,214.64	704,034.35	701,342.02
Emergency Authorizations - Excluded from "CAPS"	149,000.00	24,000.00	24,000.00	24,000.00	29,000.00
County Taxes	4,243,024.17	4,217,634.58	4,270,137.35	4,256,011.33	4,066,583.72
Due County for Added and Omitted Taxes	1,264.50	2,067.99	962.40	11,375.58	7,436.35
Local District School Tax	7,106,167.00	6,966,831.00	6,830,226.00	6,696,300.00	6,565,999.00
Regional High School Tax	2,767,883.00	2,826,146.00	2,965,384.00	2,875,190.00	2,869,711.00
Senior Citizens' Deductions Disallowed by Collector - Prior Year	13,350.40	14,250.00	17,316.43	20,785.62	15,750.00
Refund of Prior Year Revenue		1,431.65			
Cancellation of Deferred Charge - Overexpenditure (Rounding)				0.08	
Reserves Created:					
Prepaid Local School Taxes					1.00
Prepaid County Taxes			0.11		
Due from Trust Other Fund				16,727.50	
Due from Community Development Block Grant Fund				6,858.38	
Due from General Capital Fund					310,000.00
Due from Bank				1,370.00	
Total Expenditures	21,923,293.39	21,822,683.30	21,545,446.22	21,041,829.11	22,035,735.32
Excess in Revenue	433,728.15	547,409.46	797,474.79	782,085.33	274,329.18
Adjustment to income Before Fund Balance:					
Expenditures Included Above which are by Statute Deferred					
Charged to Budget of Succeeding Year					
		185,000.00			20,000.08
	433,728.15	732,409.46	797,474.79	782,085.33	294,329.26
<u>Fund Balance</u>					
Balance Jan. 1	1,560,197.55	1,401,873.09	1,077,643.21	610,557.88	619,028.62
	1,993,925.70	2,134,282.55	1,875,118.00	1,392,643.21	913,357.88
Decreased by:					
Utilized as Revenue	759,085.00	574,085.00	473,244.91	315,000.00	302,800.00
Balance Dec. 31	\$ 1,234,840.70	\$ 1,560,197.55	\$ 1,401,873.09	\$ 1,077,643.21	\$ 610,557.88

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
TRUST FUND
Statements of Assets, Liabilities and Reserves--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Animal Control Fund:					
Cash	\$ 22,647.37	\$ 26,861.40	\$ 34,593.75	\$ 25,095.85	\$ 22,176.83
Other Funds:					
Cash	1,299,333.99	1,190,526.31	1,481,474.07	922,443.44	875,800.49
Due from Sewer Utility Operating Fund	8,068.92	8,068.92	8,068.92	8,068.92	8,068.92
	<u>1,307,402.91</u>	<u>1,198,595.23</u>	<u>1,489,542.99</u>	<u>930,512.36</u>	<u>883,869.41</u>
Community Development Block Grant Fund:					
Cash	29,248.20	29,248.20	33,752.53	252.53	8,220.15
Due General Capital Fund			44,286.01	52,786.01	52,786.01
Community Development Block Grant Receivable	217,000.00	33,500.00	37,000.00	33,500.00	33,500.00
	<u>246,248.20</u>	<u>62,748.20</u>	<u>115,038.54</u>	<u>86,538.54</u>	<u>94,506.16</u>
	<u>\$ 1,576,298.48</u>	<u>\$ 1,288,204.83</u>	<u>\$ 1,639,175.28</u>	<u>\$ 1,042,146.75</u>	<u>\$ 1,000,552.40</u>
 <u>LIABILITIES AND RESERVES</u> 					
Animal Control Fund:					
Due State of NJ - State Registration Fees					
Due to Current Fund		\$ 504.49	\$ 504.49	\$ 504.49	\$ 504.49
Reserve for Encumbrances--Animal Control Fund			6,457.50		
Reserve for Animal Control Expenditures	\$ 22,647.37	26,356.91	27,631.76	24,591.36	21,672.34
	<u>22,647.37</u>	<u>26,861.40</u>	<u>34,593.75</u>	<u>25,095.85</u>	<u>22,176.83</u>
Other Funds:					
Due State of NJ - Marriage License Fees	400.00	400.00	400.00	400.00	400.00
Street Opening Deposits	21,187.32	21,187.32	21,187.32	21,187.32	21,187.32
Due Runnemede Sewerage Authority	8,192.76	8,192.76	8,192.76	8,192.76	8,192.76
Deposits - Due to Contractor	2,200.00	2,200.00	2,200.00	2,200.00	2,200.00
Miscellaneous Trust Liabilities and Reserves:					
Uniform Construction Code	90,162.93	52,847.29	51,983.03	62,461.26	49,787.77
New Jersey Unemployment Compensation	10,199.00	2,668.83	2,150.73	9,014.70	7,337.35
Planning Board Escrow	149,270.86	155,109.73	137,717.26	185,300.26	132,180.81
Tax Title Lien Redemption	818,427.50	725,460.11	1,033,140.09	423,278.55	452,160.69
Parking Offenses Adjudication Act - POAA	1,161.00	1,047.00	1,011.00	977.00	951.00
Special Law Enforcement Fund	3,548.96	2,686.76	2,448.52	12,055.92	10,204.82
Funds Held in Escrow	35,609.26	30,427.10	18,647.60	16,041.11	6,693.20
Recreation Facility Escrow	900.00	900.00	900.00	900.00	900.00
Forfeited Property	3,547.40	3,547.40	3,547.40	3,547.40	3,547.40
Public Defender Fees	6,373.57	10,107.57	8,407.57	6,710.57	5,123.07
Payroll Deductions Payable	38,511.68	48,779.55	38,014.78	30,548.28	56,243.40
Storm Recovery	20,000.00	20,000.00	20,000.00		
Uniform Fire Safety		697.18	769.67	1,994.64	1,994.64
Municipal Alliance Contributions	3,352.07	3,352.07	3,352.07	3,854.76	3,514.43
Outside Employment of Municipal Police	14,735.75	20,218.83	43,698.99	36,783.69	30,916.19
Public Events		1,468.94	1,987.41	9,722.91	11,720.83
Due Current Fund	79,622.85	87,296.79	89,786.79	95,341.23	78,613.73
	<u>1,307,402.91</u>	<u>1,198,595.23</u>	<u>1,489,542.99</u>	<u>930,512.36</u>	<u>883,869.41</u>
Community Development Block Grant Fund:					
Reserve for Community Development Block Grant	23,285.66	62,748.20	34,748.20	6,248.20	21,074.20
Due Current Fund			80,290.34	80,290.34	73,431.96
Due General Capital Fund	222,962.54				
	<u>246,248.20</u>	<u>62,748.20</u>	<u>115,038.54</u>	<u>86,538.54</u>	<u>94,506.16</u>
	<u>\$ 1,576,298.48</u>	<u>\$ 1,288,204.83</u>	<u>\$ 1,639,175.28</u>	<u>\$ 1,042,146.75</u>	<u>\$ 1,000,552.40</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 566,512.17	\$ 641,687.75	\$ 267,666.37	\$ 377,624.78	\$ 19,407.89
Deferred Charges to Future Taxation:					
Funded	5,233,122.08	5,708,179.82	6,527,802.94	2,102,000.00	2,168,000.00
Unfunded	2,195,250.00	1,321,250.00	750.00	4,395,750.00	3,844,500.00
State Aid Receivable -- New Jersey					
Transportation Trust Fund Authority Act	235,065.50	185,065.50	185,065.50	185,065.50	185,065.50
Note Receivable -- Runsen House	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
Due from CDBG Trust Fund	222,962.54				
Due from Current Fund	150,000.00	19,155.00	23,678.04	45,466.06	
Due from Federal and State Grant Fund		110,199.96	97,409.91	297,409.91	297,409.91
Due from CDBG Fund	217,000.00				
Due from Sewer Utility Capital Fund		74,420.20	74,105.20	74,105.20	74,105.20
	<u>\$ 9,119,912.29</u>	<u>\$ 8,359,958.23</u>	<u>\$ 7,476,477.96</u>	<u>\$ 7,777,421.45</u>	<u>\$ 6,888,488.50</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds	\$ 4,798,000.00	\$ 5,251,000.00	\$ 6,049,000.00	\$ 1,602,000.00	\$ 2,168,000.00
Bond Anticipation Notes	2,194,500.00	1,320,500.00		3,317,000.00	2,394,000.00
Green Acres Loan Payable	435,122.08	457,179.82	478,802.94	500,000.00	
Improvement Authorizations:					
Funded	34,518.17	60,263.46	126,421.96	110,349.49	106,367.09
Unfunded	211,550.75	469,086.93	750.00	800,007.37	1,218,667.37
Contracts Payable	191,983.65				
Reserves for Encumbrances	838,847.51	334,395.54	265,184.57	898,246.10	134,885.55
Due to Current Fund					310,000.00
Due to Sewer Utility Operating Fund		46,527.00	46,527.00	46,527.00	46,527.00
Due CDBG Fund			44,286.01	52,786.01	52,786.01
Capital Improvement Fund	200.00	21,200.00	65,700.00	50,700.00	57,450.00
Reserve for State Aid Receivable -- New Jersey					
Transportation Trust Fund Authority Act - Ord. #95-3;96-13	99,785.50	99,785.50	99,785.50	99,785.50	99,785.50
Reserve for Note Receivable -- Runsen House	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
Fund Balance	15,404.63	19.98	19.98	19.98	19.98
	<u>\$ 9,119,912.29</u>	<u>\$ 8,359,958.23</u>	<u>\$ 7,476,477.96</u>	<u>\$ 7,777,421.45</u>	<u>\$ 6,888,488.50</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS:					
Operating Fund:					
Cash	\$ 234,335.14	\$ 246,778.64	\$ 91,132.28	\$ 161,080.41	\$ 189,609.57
Due Current Fund			85,720.00	198,280.10	220,900.20
Due General Capital Fund		46,527.00	46,527.00	46,527.00	46,527.00
Due Sewer Utility Capital Fund	4,391.66		165,985.24	0.74	0.74
Receivables with Full Reserves:					
Due from Bank	165.73	165.73	165.73	165.73	165.73
Sewer Rents Receivable	55,070.88	53,701.33	62,114.93	47,814.40	73,117.94
	<u>293,963.41</u>	<u>347,172.70</u>	<u>451,645.18</u>	<u>453,868.38</u>	<u>530,321.18</u>
Deferred Charges:					
Emergency Authorizations				101,799.25	
Total Operating Fund	<u>293,963.41</u>	<u>347,172.70</u>	<u>451,645.18</u>	<u>555,667.63</u>	<u>530,321.18</u>
Capital Fund:					
Cash	152,328.12	1,093,393.54	34,453.13	34,453.13	34,453.13
Due Current Fund			75,000.00	75,000.00	75,000.00
Fixed Capital	3,730,058.49	3,730,058.49	3,730,058.49	3,730,058.49	3,730,058.49
Fixed Capital Authorized and Uncompleted	3,825,000.00	3,825,000.00	3,825,000.00	2,275,000.00	2,275,000.00
NJEIT Loan Receivable	234,328.00	234,328.00	465,656.00	465,656.00	465,656.00
	<u>7,941,714.61</u>	<u>8,882,780.03</u>	<u>8,130,167.62</u>	<u>6,580,167.62</u>	<u>6,580,167.62</u>
	<u>\$ 8,235,678.02</u>	<u>\$ 9,229,952.73</u>	<u>\$ 8,581,812.80</u>	<u>\$ 7,135,835.25</u>	<u>\$ 7,110,488.80</u>
LIABILITIES, RESERVES AND FUND BALANCE:					
Operating Fund:					
Liabilities:					
Reserves for Encumbrances	\$ 12,148.40	\$ 13,625.43	\$ 24,200.83	\$ 8,711.40	\$ 4,243.56
Appropriation Reserves	3,055.62	5,575.25	115,733.35	79,460.74	9,637.54
Accounts Payable	14,110.94	9,878.94	7,709.22	5,018.70	15,931.30
Accrued Interest on Bonds and Notes	25,044.25	22,690.17	24,962.78	27,494.25	29,683.44
Due to Trust Other Fund	8,068.92	8,068.92	8,068.92	8,068.92	8,068.92
Escrow Deposits	2,661.20	2,661.20	2,661.20	2,661.20	2,661.20
	<u>65,089.33</u>	<u>62,499.91</u>	<u>183,336.30</u>	<u>131,415.21</u>	<u>70,225.96</u>
Reserve for Receivables	55,236.61	53,867.06	62,280.66	47,980.13	73,283.67
Fund Balance	173,637.47	230,805.73	206,028.22	376,272.29	386,811.55
	<u>293,963.41</u>	<u>347,172.70</u>	<u>451,645.18</u>	<u>555,667.63</u>	<u>530,321.18</u>
Capital Fund:					
Improvement Authorizations:					
Funded	264,675.19	264,675.19	496,003.19	495,108.39	495,108.39
Unfunded	398,917.99	1,161,130.79	1,537,015.50	153,894.80	153,894.80
Due Sewer Utility Operating Fund	4,391.66		165,985.24	0.74	0.74
Due General Capital Fund		74,420.20	74,105.20	74,105.20	74,105.20
Bond Anticipation Notes	1,550,000.00	1,550,000.00		75,000.00	75,000.00
Loans Payable	1,404,467.71	1,588,673.66	2,007,119.06	2,197,147.89	2,382,000.82
Serial Bonds	57,000.00	84,000.00	111,000.00	48,000.00	57,000.00
Capital Improvement Fund	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Contracts Payable	85,432.93				
Reserves for Encumbrances	1,700.00	206,823.36			
Reserve for Amortization	4,159,262.78	3,948,056.83	3,733,939.43	3,531,910.60	3,338,057.67
Fund Balance	10,866.35				
	<u>7,941,714.61</u>	<u>8,882,780.03</u>	<u>8,130,167.62</u>	<u>6,580,167.62</u>	<u>6,580,167.62</u>
	<u>\$ 8,235,678.02</u>	<u>\$ 9,229,952.73</u>	<u>\$ 8,581,812.80</u>	<u>\$ 7,135,835.25</u>	<u>\$ 7,110,488.80</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
SEWER UTILITY OPERATING FUND
Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED:					
Fund Balance Anticipated	\$ 98,000.00	\$ 98,000.00	\$ 237,883.25	\$ 150,000.00	\$ 105,000.00
Sewer Rents	777,751.99	782,830.32	773,630.54	805,196.80	783,346.89
Miscellaneous	21,919.10	20,866.24	22,542.49	22,485.95	18,980.31
Other Credits to Income:					
Unexpended Balance to Appropriation Reserves	3,864.73	81,787.62	71,507.51	13,471.37	60,388.91
Total Income	901,535.82	983,484.18	1,105,563.79	991,154.12	967,716.11
EXPENDITURES:					
Operating	555,489.05	563,841.38	646,500.00	646,500.00	590,241.88
Debt Service	279,715.03	271,597.29	263,057.36	178,625.38	164,636.34
Capital Improvements				101,799.25	
Deferred Charges and Statutory Expenditures	25,500.00	25,268.00	128,367.25	26,568.00	26,000.00
Total Expenditures	860,704.08	860,706.67	1,037,924.61	953,492.63	780,878.22
Excess in Revenues	40,831.74	122,777.51	67,639.18	37,661.49	186,837.89
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year				101,799.25	
Statutory Excess to Fund Balance	40,831.74	122,777.51	67,639.18	139,460.74	186,837.89
FUND BALANCE:					
Balance January 1	230,805.73	206,028.22	376,272.29	386,811.55	304,973.66
Decreased by:	271,637.47	328,805.73	443,911.47	526,272.29	491,811.55
Utilized as Revenue	98,000.00	98,000.00	237,883.25	150,000.00	105,000.00
Balance December 31	\$ 173,637.47	\$ 230,805.73	\$ 206,028.22	\$ 376,272.29	\$ 386,811.55

The accompanying Notes to Financial Statements are an integral part of these statements.

BOROUGH OF RUNNEMEDE
Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Runnemede is a New Jersey Municipal Corporation located in the County of Camden, approximately fifteen miles southeast of the City of Philadelphia. The population according to the 2010 census is 8,468.

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four-year term. The Council consists of six members elected to three-year terms. However, executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

Component Units - The financial statements of the component units of the Borough are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. If the provisions of the aforementioned GASB Statements had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Borough, the primary government:

Runnemede Free Public Library
Broadway and Elm Avenue
Runnemede, New Jersey 08078

Annual financial reports may be inspected directly at the office of this component unit during regular business hours.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Borough 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 Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

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 Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Borough 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 Borough 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 Borough's basic financial statements.

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

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

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

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

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

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

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

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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Runnemede School District and the Black Horse Pike Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional high school districts for the period from January 1 to December 31.

Library Taxes - The municipality is responsible for levying, collecting and remitting library taxes for the Runnemede Free Public Library. Effective 2011, the amount of library tax is a separate local levy tax and is remitted to the Library through the municipal budget.

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

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Borough's annual budget protects the Borough 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.

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

Expenditures (Cont'd) - Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS), and additions to/deductions from PFRS' and PERS' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Borough's deposits might not be recovered. Although the Borough 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, 2017, the Borough's bank balances of \$4,762,988.02 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 3,943,982.87
Uninsured and Uncollateralized	<u>819,005.15</u>
Total	<u><u>\$ 4,762,988.02</u></u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$ 3.836</u>	<u>\$ 3.788</u>	<u>\$ 3.799</u>	<u>\$ 3.750</u>	<u>\$ 3.650</u>
Apportionment of Tax Rate:					
Municipal	\$ 1.034	\$ 1.012	\$ 1.012	\$ 1.019	\$.998
County	.843	.837	.846	.841	.802
Local School	1.410	1.380	1.353	1.322	1.294
Regional School	.549	.559	.588	.568	.556

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 504,103,965.00
2016	504,921,584.00
2015	505,129,225.00
2014	506,582,363.00
2013	507,612,827.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 19,343,182.10	\$ 19,009,578.69	98.28%
2016	19,135,785.31	18,796,805.98	98.23%
2015	19,194,180.96	18,770,189.29	97.79%
2014	19,047,586.20	18,482,129.17	97.03%
2013	18,612,565.91	18,158,420.67	97.56%

Note 3: PROPERTY TAXES (CONT'D)**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 77,159.63	\$ 315,345.39	\$ 392,505.02	2.03%
2016	77,119.57	279,678.66	356,798.23	1.86%
2015	157,597.11	374,218.93	531,816.04	2.77%
2014	63,563.06	559,063.39	622,626.45	3.27%
2013	56,288.92	424,369.84	480,658.76	2.58%

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>
2017	10
2016	13
2015	12
2014	9
2013	7

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2017	\$ 23,817.50
2016	23,817.50
2015	23,817.50
2014	23,817.50
2013	23,817.50

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Beginning Receivable Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2017	\$ 53,701.33	\$ 779,121.54	\$ 832,822.87	\$ 777,751.99
2016	62,114.93	774,416.72	836,531.65	782,830.32
2015	47,814.40	787,931.07	835,745.47	773,630.54
2014	73,117.94	779,893.26	853,011.20	805,196.80
2013	74,073.64	782,391.19	856,464.83	783,346.89

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail 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:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,234,840.70	\$ 742,750.00	60.15%
2016	1,560,197.55	759,085.00	48.65%
2015	1,401,873.09	574,085.00	40.95%
2014	1,077,643.21	473,244.91	43.91%
2013	610,557.88	315,000.00	51.59%

Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 173,637.47	\$ 20,000.00	11.52%
2016	230,805.73	98,000.00	42.46%
2015	206,028.22	98,000.00	47.57%
2014	376,272.29	237,883.25	63.22%
2013	386,811.55	150,000.00	38.78%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 79,622.85	\$ 150,000.00
Trust - Community Development		222,962.54
Trust - Other	8,068.92	79,622.85
General Capital	372,962.54	
Sewer Utility - Operating	4,391.66	8,068.92
Sewer Utility - Capital		4,391.66
	<u>\$ 465,045.97</u>	<u>\$ 465,045.97</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 2018, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

A substantial number of the Borough'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 Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS'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 Borough, 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.

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

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS'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 Borough. 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 and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 11.83% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$128,325.00, and is payable by April 1, 2018. 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, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$141,617.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$85,463.85.

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 was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Borough's contractually required contribution rate for the year ended December 31, 2017 was 26.47% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$377,681.00, and is payable by April 1, 2018. 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, 2016, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$309,036.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$144,159.28.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2017 was 2.59% of the Borough's covered payroll.

Note 8: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 is \$36,900.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2016 was \$23,297.00, which was paid on April 1, 2017.

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 Borough 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, 2017, employee contributions totaled \$2,502.30, and the Borough's contributions were \$1,364.89. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2017, the Borough's proportionate share of the PERS net pension liability was \$3,224,550.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough'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, 2017 measurement date, the Borough's proportion was 0.0138521094%, which was a decrease of (0.0020888268%) from its proportion measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$146,727.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PERS was \$141,617.00, and was paid on April 1, 2017.

Police and Firemen's Retirement System - At December 31, 2017, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 6,588,184.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	737,932.00
	<u>\$ 7,326,116.00</u>

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

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. The Borough's proportion of the net pension liability was based on a projection of the Borough'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, 2017 measurement date, the Borough's proportion was 0.0426749292%, which was an increase of 0.0047722413% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0426749292%, which was an increase of 0.0047722413% from its proportion, on-behalf of the Borough, measured as of June 30, 2016.

At December 31, 2017, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$537,730.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Borough's contribution to PFRS was \$309,036.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2017 measurement date is \$90,266.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Borough 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	\$ 75,927.00	\$ 42,740.00	\$ 118,667.00	\$ -	\$ 38,667.00	\$ 38,667.00
Changes of Assumptions	649,636.00	812,396.00	1,462,032.00	647,254.00	1,078,952.00	1,726,206.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,957.00	125,718.00	147,675.00	-	-	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	109,522.00	622,852.00	732,374.00	515,596.00	558,365.00	1,073,961.00
Borough Contributions Subsequent to the Measurement Date	64,163.00	188,841.00	253,004.00	-	-	-
	<u>\$ 921,205.00</u>	<u>\$ 1,792,547.00</u>	<u>\$ 2,713,752.00</u>	<u>\$ 1,162,850.00</u>	<u>\$ 1,675,984.00</u>	<u>\$ 2,838,834.00</u>

\$64,163.00 and \$188,841.00 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, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2017 to the Borough's year end of December 31, 2017.

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

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

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
June 30, 2016	5.00	-	5.00	-
June 30, 2017	5.00	-	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ (28,301.00)	\$ 20,004.00	\$ (8,297.00)
2019	10,339.00	156,953.00	167,292.00
2020	(10,076.00)	3,984.00	(6,092.00)
2021	(170,593.00)	(196,801.00)	(367,394.00)
2022	(107,177.00)	(56,418.00)	(163,595.00)
	<u>\$ (305,808.00)</u>	<u>\$ (72,278.00)</u>	<u>\$ (378,086.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2011 - June 30, 2014	July 1, 2010 - June 30, 2013

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: **PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Borough'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:

	PERS		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Borough's Proportionate Share of the Net Pension Liability	\$ 4,000,273.00	\$ 3,224,550.00	\$ 2,578,276.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Borough's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Borough's Proportionate Share of the Net Pension Liability	\$ 8,680,475.00	\$ 6,588,184.00	\$ 4,869,129.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	972,286.18	737,932.00	545,383.39
	<u>\$ 9,652,761.18</u>	<u>\$ 7,326,116.00</u>	<u>\$ 5,414,512.39</u>

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0138521094%	0.0159409362%	0.0157035019%
Borough's Proportionate Share of the Net Pension Liability	\$ 3,224,550.00	\$ 4,721,248.00	\$ 3,525,121.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 964,536.00	\$ 1,101,532.00	\$ 1,087,020.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	334.31%	428.61%	324.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0148372319%	0.0168161161%	
Borough's Proportionate Share of the Net Pension Liability	\$ 2,777,936.00	\$ 3,213,894.00	
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,029,532.00	\$ 1,111,600.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	269.83%	289.12%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)Supplementary Pension Information (Cont'd)*Schedule of the Borough's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)*

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 128,325.00	\$ 141,617.00	\$ 135,008.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(128,325.00)</u>	<u>(141,617.00)</u>	<u>(135,008.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,085,005.00	\$ 984,607.00	\$ 1,066,304.00
Borough's Contributions as a Percentage of Covered Payroll	11.83%	14.38%	12.66%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 122,316.00	\$ 126,706.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(122,316.00)</u>	<u>(126,706.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 1,076,646.00	\$ 1,003,648.00	
Borough's Contributions as a Percentage of Covered Payroll	11.36%	12.62%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Proportion of the Net Pension Liability	0.0426749292%	0.0379026879%	0.0396901845%
Borough's Proportionate Share of the Net Pension Liability	\$ 6,588,184.00	\$ 7,240,383.00	\$ 6,611,001.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	737,932.00	608,013.00	579,763.00
Total	<u>\$ 7,326,116.00</u>	<u>\$ 7,848,396.00</u>	<u>\$ 7,190,764.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,381,376.00	\$ 1,342,428.00	\$ 1,298,416.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	539.35%	509.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Proportion of the Net Pension Liability	0.0461810031%	0.0456348897%	
Borough's Proportionate Share of the Net Pension Liability	\$ 5,809,142.00	\$ 6,066,747.00	
State's Proportionate Share of the Net Pension Liability associated with the Borough	625,547.00	565,495.00	
Total	<u>\$ 6,434,689.00</u>	<u>\$ 6,632,242.00</u>	
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,458,616.00	\$ 1,432,176.00	
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	398.26%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - Police and Firemen's Retirement System (PFRS) (Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Borough's Contractually Required Contribution	\$ 377,681.00	\$ 309,036.00	\$ 322,622.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(377,681.00)</u>	<u>(309,036.00)</u>	<u>(322,622.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,426,565.00	\$ 1,378,605.00	\$ 1,271,934.00
Borough's Contributions as a Percentage of Covered Payroll	26.47%	22.42%	25.36%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Borough's Contractually Required Contribution	\$ 354,702.00	\$ 332,942.00	
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(354,702.00)</u>	<u>(332,942.00)</u>	
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Borough's Covered Payroll (Calendar Year)	\$ 1,239,066.00	\$ 1,379,127.00	
Borough's Contributions as a Percentage of Covered Payroll	28.63%	24.14%	

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

Changes in Benefit Terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions - For 2017, the discount rate changed to 6.14% and the long-term rate of returned changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

The Borough 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 Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

Note 10: RUNSEN HOUSE SENIOR CITIZEN FACILITY

On February 12, 1992, the Borough of Runnemede adopted Ordinance 92-1 entitled Senior Citizen Facility. The purpose of the Ordinance was to provide Runsen Associates, Inc. with a loan in the amount of \$250,000.00 without interest, payable on the 30th anniversary of the full occupancy date, to assist financing of the construction of a senior citizen facility. The facility consists of 81 residential one-bedroom rental units for low-income eligible occupants. On March 2, 1993, the Borough of Runnemede increased the amount of the loan by \$50,000.00 by adopting Ordinance 93-1.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Borough who have at least twenty-five (25) years of service with the Borough. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. Currently, twenty-one (23) retirees meet these eligibility requirements. The plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Borough provides the retirees with a detailed accounting of the costs.

Funding Policy - The contribution requirements of plan members and the Borough are established and may be amended by the Borough's governing body. Plan members receiving benefits contribute to the cost of health care plans to the same extent as active employees.

Retirees - The Borough presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and as stated above, receives monthly contributions from retirees to offset a portion of the cost. The Borough's contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$327,925.70, \$372,398.32, and \$324,545.38, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Borough is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$817,543.28 at an unfunded discount rate of 4.5%. As stated above, the Borough has funded the cost of existing retirees in the amount of \$327,925.70, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For year ended December 31, 2017, the Borough's annual OPEB cost (expense) of \$613,066.51 for the plan was equal to the ARC plus certain adjustments. The Borough's annual required contribution (ARC), the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for year 2017 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 817,543.28	\$ 817,543.28	\$ 769,819.13
Interest on the Net OPEB Obligation	39,578.40	20,037.32	
Adjustment to the ARC	<u>(244,055.17)</u>	<u>(118,888.10)</u>	
Annual OPEB Cost	613,066.51	718,692.50	769,819.13
Pay-as-You Go Cost (Existing Retirees)	<u>(327,925.70)</u>	<u>(372,398.32)</u>	<u>(324,545.38)</u>
Increase (Decrease) in the Net OPEB Obligation	285,140.81	346,294.18	445,273.75
Net OPEB Obligation, January 1	<u>791,567.93</u>	<u>445,273.75</u>	<u>-</u>
Net OPEB Obligation, December 31	<u>\$ 1,076,708.74</u>	<u>\$ 791,567.93</u>	<u>\$ 445,273.75</u>
Percentage of Annual OPEB Cost Contributed	53.5%	51.8%	42.2%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress - The funded status of the plan is as follows:

	<u>2016</u>	<u>2015</u>
Actuarial Accrued Liability (AAL)	\$ 24,526,298.37	\$ 23,094,574.02
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 24,526,298.37</u>	<u>\$ 23,094,574.02</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	-	0.0%
Covered Payroll (Active Plan Members)	\$ 1,943,828.50	\$ 1,943,828.50
UAAL as a Percentage of Covered Payroll	1261.8%	1188.1%

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

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

In the December 31, 2016 actuarial valuation, the entry age actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* Age 75 for males and age 80 for females
- *Assumed Retirement Age.* at first eligibility after completing 25 years of service.
- *Full Attribution Period.* service to assumed retirement age.
- *Rate of Medical Inflation.* 7% increase in the cost of benefits per year
- *Annual Discount Rate.* Future costs have been discounted at the rate of 4.5% compounded annually for GASB 45 purposes.
- *Retiree Contributions.* 11% of the annual premium coverage from eligible retirees.

Note 12: COMPENSATED ABSENCES

Per the policy of the Borough, employees accrue and carryover earned compensatory time. At the time of separation from the Borough, unused compensatory time would be eligible for payout to the employee.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$228,243.66.

Note 13: LEASE OBLIGATIONS

At December 31, 2017, the Borough had lease agreements in effect for the following:

Operating:

- Two (2) Xerox 7855 Photocopy Machines
- One (1) Ricoh C2503 Photocopy Machine
- One (1) Ricoh MP2554SPG Photocopy Machine
- One (1) Ricoh MPC2504 Photocopy Machine

The following is an analysis of the Borough's operating leases:

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

<u>Year</u>	<u>Amount</u>
2018	\$ 8,877.72
2019	6,067.16
2020	2,664.53

Rental payments under operating leases for the year 2017 were \$8,877.72.

Note 14: CAPITAL DEBT**General Improvement Bonds**

On July 24, 2008 the Borough issued \$1,598,000.00 of general obligation bonds consisting of \$1,503,000.00 General Capital Improvement Bonds and \$95,000.00 Sewer Utility Bonds at varying interest rates up to 4.750%. The final maturity of these bonds is August 1, 2018. The General Capital bonds will be paid from property taxes and Sewer Utility Bonds will be paid from rents.

On November 24, 2015, the Borough issued \$5,135,000.00 of general obligation bonds consisting of \$5,060,000.00 General Capital Improvement Bonds and \$75,000.00 Sewer Utility Bonds at interest rates ranging from 2.000% to 3.250%. The final maturity of these bonds is November 15, 2031. The General Capital bonds will be paid from property taxes and Sewer Utility Bonds will be paid from rents.

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>
2018	\$ 458,000.00	\$ 134,417.50	\$ 592,417.50
2019	275,000.00	120,087.50	395,087.50
2020	280,000.00	114,587.50	394,587.50
2021	295,000.00	108,987.50	403,987.50
2022	300,000.00	103,087.50	403,087.50
2023-2027	1,715,000.00	386,287.50	2,101,287.50
2028-2031	1,475,000.00	115,937.50	1,590,937.50
	<u>\$ 4,798,000.00</u>	<u>\$ 1,083,392.50</u>	<u>\$ 5,881,392.50</u>

Sewer Utility Bonds

The following schedule represents the remaining debt service, through maturity, for the sewer utility bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 27,000.00	\$ 1,470.00	\$ 28,470.00
2019	15,000.00	600.00	15,600.00
2020	15,000.00	300.00	15,300.00
	<u>\$ 57,000.00</u>	<u>\$ 2,370.00</u>	<u>\$ 59,370.00</u>

Note 14: CAPITAL DEBT (CONT'D)**General Debt - New Jersey Environmental Infrastructure Loans**

On November 4, 1999, the Borough entered into a loan agreement with New Jersey Environmental Infrastructure program for \$888,403.00. The final loan payment date is August 1, 2019.

On November 5, 2003, the Borough entered into a loan agreement with New Jersey Environmental Infrastructure program for \$683,703.00. The final loan payment date is August 1, 2023.

On November 6, 2008, the Borough entered into a loan agreement with New Jersey Environmental Infrastructure program for \$2,047,000.00. The final loan payment date is August 1, 2028.

All loans will be paid from property taxes.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 197,496.19	\$ 47,140.00	\$ 244,636.19
2019	194,182.60	41,795.00	235,977.60
2020	151,060.31	36,175.00	187,235.31
2021	148,445.28	31,900.00	180,345.28
2022	153,963.77	27,750.00	181,713.77
2023-2027	479,319.56	76,762.50	556,082.06
2028	80,000.00	4,000.00	84,000.00
	<u>\$ 1,404,467.71</u>	<u>\$ 265,522.50</u>	<u>\$ 1,669,990.21</u>

General Debt - New Jersey Green Acres Loans

On July 21, 2014, the Borough entered into a loan agreement with New Jersey Green Acres in the amount of \$500,000.00 for the Beaver Branch Park Project. Loan payments are due every six months in April and October at an interest rate of 2.000%. The final loan payment date is April 24, 2034. The loan will be paid from property taxes.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 22,501.10	\$ 8,590.50	\$ 31,091.60
2019	22,953.37	8,138.22	31,091.59
2020	23,414.73	7,676.87	31,091.60
2021	23,885.37	7,206.23	31,091.60
2022	24,365.46	6,726.13	31,091.59
2023-2027	129,373.39	26,084.59	155,457.98
2028-2032	142,908.71	12,549.26	155,457.97
2033-2034	45,719.95	917.43	46,637.38
	<u>\$ 435,122.08</u>	<u>\$ 77,889.23</u>	<u>\$ 513,011.31</u>

Note 14: CAPITAL DEBT (CONT'D)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 7,427,622.08	\$ 7,028,679.82	\$ 6,527,802.94
Sewer Utility:			
Bonds, Loans and Notes	3,011,467.71	3,222,673.66	2,118,119.06
Total Issued	<u>10,439,089.79</u>	<u>10,251,353.48</u>	<u>8,645,922.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	750.00	750.00	750.00
Sewer Utility:			
Bonds, Loans and Notes	384,328.00	384,328.00	1,703,000.00
Total Authorized but not Issued	<u>385,078.00</u>	<u>385,078.00</u>	<u>1,703,750.00</u>
Total Issued and Authorized but not Issued	<u>10,824,167.79</u>	<u>10,636,431.48</u>	<u>10,349,672.00</u>
<u>Deductions</u>			
General:			
NJ Transportation Trust	99,785.50	99,785.50	99,785.50
Sewer Utility:			
Self-Liquidating	3,395,795.71	3,607,001.66	3,821,119.06
Total Deductions	<u>3,495,581.21</u>	<u>3,706,787.16</u>	<u>3,920,904.56</u>
Net Debt	<u>\$ 7,328,586.58</u>	<u>\$ 6,929,644.32</u>	<u>\$ 6,428,767.44</u>

Note 14: 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 1.446%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 543,554.80	\$ 543,554.80	
Self-Liquidating	3,395,795.71	3,395,795.71	
General	7,428,372.08	99,785.50	\$ 7,328,586.58
	<u>\$ 11,367,722.59</u>	<u>\$ 4,039,136.01</u>	<u>\$ 7,328,586.58</u>

Net debt \$7,328,586.58 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$506,872,764.00, equals 1.446%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 17,740,546.74
Less: Net Debt	<u>7,328,586.58</u>
Remaining Borrowing Power	<u>\$ 10,411,960.16</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 897,671.09
Deductions:	
Operating and Maintenance Costs	\$ 580,989.05
Debt Service	<u>279,715.03</u>
Total Deductions	<u>860,704.08</u>
Excess in Revenue	<u>\$ 36,967.01</u>

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

Note 15: RISK MANAGEMENT

The Borough 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 Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State.

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

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 30,691.95	\$ 23,161.78	\$ 10,199.00
2016	21,518.10	21,000.00	2,668.83
2015	11,830.19	18,694.16	2,150.73

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

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

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

The Borough's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Camden County Municipal Joint Insurance Fund
 Park 80 West, Plaza One
 Saddle Brook, New Jersey 07663

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

The Borough 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 Borough is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Various Capital Improvements and the Acquisition of Various Capital Equipment	06/06/18	\$ 1,619,750.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



July __, 2019

Mayor and Borough Council
of the Borough of Runnemede
24 North Black Horse Pike
Runnemede, New Jersey

RE: \$3,744,000 BOROUGH OF RUNNEMEDE, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds") by the Borough of Runnemede, County of Camden, New Jersey ("Borough"). The Bonds consist of: (i) \$2,194,000 principal amount of General Improvement Bonds; and (ii) \$1,550,000 principal amount of Sewer Utility Bonds.

The Bonds are authorized pursuant to and in accordance with: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances set forth in the Resolution (hereinafter defined), each duly and finally adopted by the Borough Council and published in accordance with the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Borough Council on June 5, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Borough on June __, 2019 ("Award Certificate").

The Bonds are dated their date of delivery, mature on February 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum in the table below, payable semi-annually on February 1 and August 1, commencing February 1, 2020, in each year until maturity or earlier redemption.

<u>Maturity Date</u>	<u>General Improvement</u>	<u>Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>General Improvement</u>	<u>Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>
2020	\$134,000	\$30,000	\$164,000	%	2035	\$0	\$55,000	\$55,000	%
2021	160,000	30,000	190,000		2036	0	55,000	55,000	
2022	165,000	30,000	195,000		2037	0	55,000	55,000	
2023	165,000	30,000	195,000		2038	0	55,000	55,000	
2024	140,000	55,000	195,000		2039	0	55,000	55,000	
2025	135,000	55,000	190,000		2040	0	55,000	55,000	
2026	145,000	55,000	200,000		2041	0	55,000	55,000	
2027	155,000	55,000	210,000		2042	0	55,000	55,000	
2028	165,000	55,000	220,000		2043	0	55,000	55,000	
2029	175,000	55,000	230,000		2044	0	55,000	55,000	
2030	190,000	55,000	245,000		2045	0	55,000	55,000	
2031	205,000	55,000	260,000		2046	0	55,000	55,000	
2032	260,000	55,000	315,000		2047	0	55,000	55,000	
2033	0	55,000	55,000		2048	0	55,000	55,000	
2034	0	55,000	55,000		2049	0	55,000	55,000	

COUNSEL WHEN IT MATTERS.SM



The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to maturity as stated therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the cost of various general capital and sewer utility improvements by the repayment at maturity of the principal of certain bond anticipation notes heretofore issued by the Borough; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the bonds.

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

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

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

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

2. For the payment of principal and interest on the Bonds, the Borough 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 Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

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

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

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter



C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Borough 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 Borough to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Borough has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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



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

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

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

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

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

Very truly yours,



July __, 2019

Mayor and Borough Council
of the Borough of Runnemede
24 N. Black Horse Pike
Runnemede, New Jersey

RE: \$1,619,750 BOROUGH OF RUNNEMEDE, COUNTY OF CAMDEN, NEW JERSEY, BOND ANTICIPATION NOTES OF 2019, SERIES A

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes") by the Borough of Runnemede, County of Camden, New Jersey ("Borough").

The Notes 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) bond ordinance 2018-08 ("Bond Ordinance"), duly and finally adopted by the Borough Council and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award, executed by the Chief Financial Officer of the Borough on June __, 2019 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinance. The Notes are issued in [bearer] [registered] form without coupons and are not subject to redemption prior to maturity. The Notes are dated July 3, 2019 and mature on July 2, 2020.

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

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

COUNSEL WHEN IT MATTERS.SM



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

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

2. For the payment of principal of and interest on the Notes, the Borough 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 Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

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

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

Interest on tax-exempt obligations, including the Notes, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Notes received or accrued by a corporation that owns the Notes 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 Notes 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 Notes, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

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



Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and, for tax years ending after December 31, 2013, 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 Notes 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 Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

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 Borough has designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

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

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

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

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,



PARKER McCAY

Mayor and Borough Council
of the Borough of Runnemede

July __, 2019

Page 4

and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___ day of July, 2019 between the Borough of Runnemede, County of Camden, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Bonds, Series 2019, in the principal amount of \$3,744,000 ("Bonds"). The Bonds consist of: (i) \$2,194,000 principal amount of General Improvement Bonds; and (ii) \$1,550,000 principal amount of Sewer Utility Bonds.

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

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

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

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

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

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

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Borough and which has filed with the Borough a written acceptance of such designation.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

"Official Statement" shall mean the Official Statement of the Borough, dated June __, 2019, relating to the Bonds.

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

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

SECTION 3. Provision of Annual Report.

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

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

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

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) certain financial information and operating data of the Borough consisting of: (a) Borough and overlapping indebtedness, including a schedule of outstanding debt issued by the Borough; (b) the Borough's most current adopted budget; (c) property valuation information; and (d) tax rate, levy and collection data; and (ii) the Borough's annual financial statements, audited by an independent certified public accountant, provided that the annual audited financial statements of the Borough may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Borough are included in the Annual Report. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and

requirements of the Division of Local Government Services in the New Jersey Department of Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Borough shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8),

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

(10), (13), (14) or (15) of subsection (a) of this Section 5, the Borough may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

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

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

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

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

(i) If to the Borough:

Borough of Runnemede
24 North Black Horse Pike
Runnemede, New Jersey 08078
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410
Mount Laurel, New Jersey 08054

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

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

BOROUGH OF RUNNEMEDE, NEW JERSEY

By: _____
JAMES D'AURIA, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Borough of Runnemede, County of Camden, New Jersey

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

Date of Issuance of the Affected
Bond Issue: July 3, 2019

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

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Borough of Runnemede, New Jersey