

**NOTICE OF SALE**  
**\$12,200,000\***  
**GENERAL IMPROVEMENT BONDS, SERIES 2018**  
**OF THE TOWNSHIP OF WILLINGBORO,**  
**IN THE COUNTY OF BURLINGTON, NEW JERSEY**  
**(Book-Entry Only Bonds)/(Callable)**

**SUMMARY**

ISSUER: Township of Willingboro, County of Burlington, New Jersey

PAR AMOUNT: \$12,200,000\*

SECURITY: General Obligations of the Township

TAX EXEMPT: Yes

RATING: "AA-"

TYPE OF SALE: Electronic proposals via PARITY Electronic Bid System (PARITY) of I-Deal, LLC ("I-Deal"). See "Bidding Details" herein.

AGENT: PARITY – Electronic proposals will be received via the PARITY Electronic Bid System ("PARITY") of I-Deal

SALE DATE & BID TIME: July 31, 2018 until 11:00 a.m. local time, at which time they will be publicly opened, received and announced. Award by 3:00 p.m.

DATED DATE: Date of Delivery

DELIVERY DATE: August 7, 2018

INTEREST PAYMENT DATES: February 1 and August 1, commencing February 1, 2019

CALL DATE: August 1, 2025 @ par for Bonds maturing on or after August 1, 2026.

MINIMUM BID: \$12,200,000 (Par)

MAXIMUM BID: \$13,420,000 (Par plus 10% original issue premium)

BID SECURITY: **Good Faith Check or wire transfer in the amount of \$244,000 received by Township (prior to bidding) or Financial Surety Bond from Sure-Bid**

BASIS OF AWARD: True Interest Cost

LEGAL OPINION: McManimon, Scotland & Baumann, LLC, Roseland, New Jersey

OFFERING STATEMENT: Preliminary Official Statement available at [www.Munihub.com](http://www.Munihub.com)

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\*Preliminary, subject to change

## NOTICE

NOTICE IS HEREBY GIVEN that bids will be received by the Township of Willingboro, in the County of Burlington, New Jersey (the "Township") for the purchase of \$12,200,000\* original principal amount of the Township's General Improvement Bonds, Series 2018 (the "Bonds"). **All Bids (as defined below) must be submitted in their entirety via "PARITY Electronic Bid System" (PARITY) prior to 11:00 a.m., New Jersey time on July 31, 2018 (the "Sale Date"). To bid, Bidders (as defined below) must have submitted a good faith check, wire or Financial Surety Bond, if available, payable to the Township, in the amount of \$244,000 by no later than 10:30 a.m. on the Bid Date (see Bidding Details below).**

### **Preliminary and Final Official Statement**

The Township's Preliminary Official Statement (the "POS") is available for viewing in electronic format on MuniHub's website located at [www.MuniHub.com](http://www.MuniHub.com). In addition, broker dealers registered with the National Association of Securities Dealers (the "NASD") and dealer banks with The Depository Trust Company ("DTC") clearing arrangements may either: (a) print out a copy of the POS on their own printer, or (b) at any time prior to the Date of Sale, elect to receive a photocopy of the POS in the mail by requesting it by calling the Township's bond counsel, Edward J. McManimon, III, Esq., of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), 75 Livingston Avenue, Roseland, New Jersey 07068 (telephone no. 973-622-5028) or attention of Elizabeth Manuel, Paralegal (telephone no. 973-622-5280) or the Township's Municipal Advisor, Phoenix Advisors, LLC, (the "Municipal Advisor"), Sherry L. Tracey, 4 West Park Street, Bordentown, New Jersey 08505 (telephone no. 609-291-0130). All Bidders must review the POS and certify that they have done so prior to participating in the bidding.

The POS is deemed by the Township to be final as of its date, for purposes of SEC Rule 15c2-12(b)(1) under the Securities and Exchange Act of 1934, except for the omission of information concerning the offering price(s), interest rate(s), selling compensation, aggregate principal amount of the Bonds and any other terms or provisions to be determined from the successful Bid(s) or depending on such matters, and the identity of the underwriter(s). The POS is, however, subject to such further revisions, amendments and completion in a Final Official Statement (the "Final Official Statement") as may be necessary.

The Township at its expense, will make available to the winning Bidder a reasonable number of Final Official Statements, within seven (7) business days following the date of acceptance of the Bid.

### **Types of Bids Allowed**

Subject to the Bid requirements described below, Bids for the Bonds must be submitted on an "All-or-None" ("AON") basis for the entire amount of \$12,200,000\*. There will be only one CUSIP assigned to each annual maturity of the issue. First, a Bidder must submit a conforming Bid for the entire issue, and if such Bid is accepted by the Township, the Bidder will be required to purchase the entire issue in accordance with such Bid.

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\*Preliminary, subject to change

## Interest Payment Dates; Description of the Bonds

The Bonds will be dated the date of delivery and will bear interest from such date payable semiannually on each February 1 and August 1, commencing on February 1, 2019. Interest shall be computed on the basis of a 30-day month/360-day year.

## Principal Amortization

The Bonds shall mature on August 1 as set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2019	\$250,000	2033	\$500,000
2020	\$275,000	2034	\$500,000
2021	\$300,000	2035	\$500,000
2022	\$325,000	2036	\$500,000
2023	\$400,000	2037	\$500,000
2024	\$500,000	2038	\$500,000
2025	\$500,000	2039	\$450,000
2026	\$500,000	2040	\$450,000
2027	\$500,000	2041	\$450,000
2028	\$500,000	2042	\$450,000
2029	\$500,000	2043	\$450,000
2030	\$500,000	2044	\$450,000
2031	\$500,000	2045	\$450,000
2032	\$500,000		

The Township may and expects to, after the receipt and opening of bids, adjust the maturity schedule of the Bonds, provided however, that (1) no maturity schedule adjustment shall exceed 10% upward or downward of the principal for any maturity as specified herein, and (ii) the aggregate adjustment to the maturity schedule shall not exceed 10% upward or downward of the aggregate principal amount of Bonds, as specified herein, and the aggregate principal amount of Bonds, as adjusted, will not exceed \$12,200,000. The dollar amount bid by the successful bidder shall be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per bond underwriter's discount, as calculated from the original bid, and the Initial Public Offering Prices required to be delivered to the Township, as stated herein.

## Book-Entry-Only

The Bonds will be issued in book-entry-only form, initially in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Payments of principal, interest and redemption premium, if any, will be made by the paying agent to DTC for subsequent disbursement to DTC participants to then be remitted to the beneficial owners of the Bonds.

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\*Preliminary, subject to change

## **Redemption Provisions**

The Bonds maturing prior to August 1, 2026, are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2026 are redeemable at the option of the Township in whole or in part on any date on or after August 1, 2025 at 100% of the principal amount outstanding (the "Redemption Price") plus interest accrued to the date of redemption upon notice as required herein.

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

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Township shall send redemption notices only to Cede & Co.

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the bonds redeemed.

## **Terms of PARITY**

Each electronic proposal must be submitted via PARITY. No bidder will see any other bidder's bid, nor will any bidder see the status of its bid relative to other bids (e.g., whether its bid is a leading bid). To the extent any instructions or directions set forth on PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at I-Deal at (212) 404-8102. The Township may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that: The Township may regard the electronic transmission of the bid via PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds specified, the initial public offering price of each maturity of the Bonds and any other information included in such transmission) as though the same information were submitted on the official "Proposal for Bonds" provided by the Township and executed by a duly authorized signatory of the bidder. If a bid submitted electronically via PARITY is accepted by the Township, the terms of the official "Proposal for Bonds" and this Notice of Sale and the information that is electronically transmitted via PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

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

The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 10:00 a.m., Eastern Time, on the Sale Date.

Once the bids are communicated electronically via PARITY to the Township, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all "Proposals for Bonds," whether electronically or sealed, the time as maintained on PARITY shall constitute the official time.

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

### **Bidding Details**

Bidders should be aware of the following bidding details associated with the sale of the Bonds:

- (1) **BIDDERS MUST SUBMIT A GOOD FAITH CHECK, WIRE TRANSFER OR A FINANCIAL SURETY BOND IN THE AMOUNT OF \$244,000 PAYABLE TO THE TOWNSHIP NO LATER THAN 10:30 A.M. ON THE SALE DATE. HOWEVER, BIDDERS ARE ENCOURAGED TO SUBMIT CHECKS OR WIRES ON THE DAY PRIOR TO THE SALE DATE TO ASSURE RECEIPT OF PAYMENT BY THE TOWNSHIP AT THE FOLLOWING ADDRESS:**

**Eusebia Diggs  
Chief Financial Officer  
Township of Willingboro  
One Rev. Dr. M. L. King Jr. Drive  
Willingboro, NJ 08046**

**BIDDERS SUBMITTING GOOD FAITH CHECKS SHOULD ALSO ENCLOSE A RETURN ENVELOPE FOR USE BY THE TOWNSHIP. BIDDERS SUBMITTING A WIRE SHOULD CONTACT THE TOWNSHIP'S BOND COUNSEL, EDWARD J. MCMANIMON, III, ESQ. (TELEPHONE NO. 973-622-5028) OR ELIZABETH MANUEL, PARALEGAL (TELEPHONE NO. 973-622-5280) OR THE MUNICIPAL ADVISOR, SHERRY L. TRACEY (TELEPHONE NO. 609-291-0130) TO OBTAIN THE WIRE INSTRUCTIONS.**

**UNSUCCESSFUL BIDDERS SUBMITTING THE GOOD FAITH DEPOSIT BY WIRE TRANSFER SHALL, NO LATER THAN THE CLOSE OF BUSINESS ON THE SALE DATE OF THE BONDS, PROVIDE THE CHIEF FINANCIAL OFFICER IN WRITING WITH WIRING INSTRUCTIONS FOR THE RETURN OF SUCH UNSUCCESSFUL BIDDER'S GOOD FAITH DEPOSIT. IN THE EVENT THAT THE TOWNSHIP FAILS TO RETURN ANY GOOD FAITH WIRES IN A TIMELY FASHION, THE TOWNSHIP SHALL NOT BE LIABLE FOR MONETARY DAMAGES, REMEDY BEING HEREBY SPECIFICALLY LIMITED TO SPECIFIC PERFORMANCE.**

- (2) All Bids must be submitted on the PARITY. **No telephone, telefax, telegraph or personal delivery Bids will be accepted.**
- (3) All Bids for the Bonds must be submitted on an AON basis. Bidders may change and submit Bids as provided for herein, but a submitted Bid may not be withdrawn.
- (4) Bidders may bid to purchase Bonds from the Township with a bid premium in an amount not in excess of ten percent (10%) of the par amount of the Bonds, representing a bid price of not in excess of \$13,420,000. No Bid will be considered if the Bid is to purchase Bonds at a price less than 100% of the principal amount thereof. The Township may, and expects to, after the receipt and opening of bids, adjust the maturity schedule of the Bonds, as set forth in more detail under "Principal Amortization" above.
- (5) Each proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds and the rate or rates named must be multiples of 1/8 or 1/20 of 1%. The difference between the highest and lowest interest rates named in the Bid shall not exceed three percent (3%) per annum. Not more than one rate may be named for Bonds of the same maturity. There is no limitation on the number of rates that may be named. Each proposal submitted must state the purchase price, which must be not less than par. The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost ("TIC"). Such TIC shall be calculated as described below. No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at a TIC higher than the lowest TIC to the Township under any legally acceptable proposal. The purchaser must also pay an amount equal to the interest on the Bonds accrued to the date of payment of the purchase price, if applicable.
- (6) Bidders are only permitted to submit Bids for the Bonds during the bidding period.

## **Definitions**

- "Bid" any confirmed purchase offer received by PARITY on or before the proposal submission deadline.
- "Bidder" any firm registered and approved for participation in sale.

"True Interest Cost (TIC)"	true interest cost shall be computed in each instance by determining the interest rate, compounded semi-annually, necessary to discount the debt service payments to the date of the bonds and to the price bid, excluding interest accrued to the delivery date. The TIC serves as the basis for awarding bonds to the winning Bidder.
"Winning Bid"	any purchase offer made by a Bidder and received by PARITY that, at the end of the bidding time period, results in the lowest TIC that is acceptable to the Township.

### **Bid Procedure and Basis of Award**

Subject to the right reserved by the Township to reject any or all Bids, the Bonds will be sold to the Bidder whose Bid produces the lowest TIC for the Township and otherwise complies with the Notice of Sale.

Bids must remain valid until at least 3:00 p.m., prevailing time, on the Sale Date, and if accepted by the Township, prior to such time, shall be irrevocable except as otherwise provided in the Notice of Sale. Upon selection of the winning Bidder, the Township will execute an award certificate to award the Bonds and will promptly communicate with the winning Bidder by telephone, e-mail or fax.

### **Bid Security and Method of Payment for Bonds**

A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check, wire transfer (wiring instructions can be obtained from the Township's Bond Counsel or Municipal Advisor) or a Financial Surety Bond in the amount of \$244,000, payable to the order of the Township, is required for each bid to be considered. If a check is used, it must be a certified treasurer's or cashier's check and must be provided to the Township prior to 10:30 a.m. on the Sale Date for bids to be submitted. If a wire transfer is used, such wire must be received by the Township prior to 10:30 a.m. on the Sale Date. Each bidder accepts responsibility for delivering such check or wire on time and the Township is not responsible for any check or wire that is not received on time. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of New Jersey and approved by the Director of the Division of Local Government Services of New Jersey (the "Director") and such bond must be submitted to the Township prior to 10:30 a.m. on the Sale Date at the address referred to above. At present, the Director has approved the use of Sure-Bid, a division of Financial Security Assurance Inc. Use of any other Financial Surety Bond must be approved by the Director prior to the bid and will not be accepted by the Township unless evidence of such approval is provided prior to the bid. The Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser (the "Purchaser") is required to submit its Deposit to the Township by wire transfer as instructed by the Township not later than 3:30 p.m. on the next business day following the Sale Date. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Township to satisfy the Deposit requirement. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the Township. Award of the Bonds to the successful Bidder or rejection of all Bids is expected to be made within two hours after opening of the bids, but such successful Bidder may not withdraw its proposal until after 3:00 p.m. on the Sale Date and then

only if such award has not been made prior to the withdrawal. The balance of the purchase price shall be paid in Federal Funds by wire transfer to the Township on or about the delivery date.

### **Right to Reject Bids; Waive Irregularities**

The Township reserves the right to reject any and all Bids and to the extent permitted by law to waive any irregularity or informality in any Bid.

### **Information Required from the Winning Bidder**

By making a bid for the Bonds, the winning bidder(s) agrees: (a) to provide to the County, in writing, immediately upon being unofficially awarded the Bonds, a written confirmation of the bid, which shall include the purchase price, reoffering yield(s), and other related information necessary for completion of the final Official Statement, the Municipal Advisor and by Bond Counsel; (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement; (c) to promptly file a copy of the final Official Statement with the Municipal Securities Rulemaking Board; and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to alternate purchasers.

### **Establishment of Issue Price for the Bonds**

In the event the Township receives at least three (3) bids for the Bonds, then the Issue Price for the Bonds shall be established based on the reasonably expected initial offering prices of the Bonds as of the Sale Date (the "Expected Offering Prices"). The Expected Offering Prices shall consist of the prices for each maturity of the Bonds used by the winning bidder in formulating its bid to purchase the Bonds. The winning bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the Township, in writing, the Expected Offering Prices as of the Sale Date.

In the event the Township receives fewer than three (3) bids for the Bonds, then the Issue Price for the Bonds shall be established based on the following method as selected by the winning bidder on the Sale Date:

10% Sold: The Issue Price for the Bonds shall be established based on the first price at which at least 10% of each maturity of the Bonds was sold to the Public (as defined below). The winning bidder shall be required to deliver on the Delivery Date a certificate to such effect, and provide to the Township, in writing, evidence satisfactory to Bond Counsel to the Township of such sales prices for each maturity of the Bonds. In the event that the winning bidder has not sold at least 10% of each maturity of the Bonds to the Public as of the Delivery Date (each, an "Unsold Maturity"), the winning bidder shall (i) provide to the Township, in writing, on the Delivery Date, the Expected Offering Prices for each Unsold Maturity and a certificate regarding same and (ii) have a continuing obligation to provide to the Township, in writing, evidence satisfactory to Bond Counsel to the Township of the first price at which at least 10% of each Unsold Maturity is sold to the Public, contemporaneous with each such sale, until at least 10% of all such Unsold Maturities have been sold to the Public.

Hold The Price: The Issue Price for the Bonds shall be established based on the initial offering price of the Bonds to the Public as of the Sale Date, provided that the winning bidder



shall, in writing, (i) confirm that the Underwriters have offered or will offer the Bonds to the public on or before the Sale Date at the offering price or prices set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell the Bonds to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of: (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or (2) the date on which the Underwriters have sold at least 10% of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (as defined herein) or a related party to an Underwriter. The term "related party" generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds 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 Bonds to the Public).

### **Delivery of the Bonds**

The Bonds will be delivered on or about the delivery date (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS PUBLISHED ON MUNIAUCTION NOT LATER THAN 2 HOURS PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) in New York City at DTC against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal funds.

There will also be furnished the usual closing papers, including (1) a certificate signed by the officials who signed the Bonds stating that no litigation of any kind is now pending or, to their knowledge, threatened to restrain or enjoin the issuance or delivery of the Bonds, or in any manner questioning the proceedings and authorization under which the Bonds are issued or affecting the validity of the Bonds and (2) a certificate signed by the Township relating to the official statement.

### **CUSIP Numbers**

The Municipal Advisor will apply for CUSIP numbers with respect to the Bonds, but the Township will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Bonds. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the winning Bidder.

### **Legal Opinions**

The approving opinions of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Township, will be furnished without cost to the winning Bidder.

## **Postponement**

The Township reserves the right to postpone, from time to time, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED OR POSTED, BEFORE 10:00 A.M. ON THE SALE DATE.** If any date fixed for the receipt of Bids and the sale of the Bonds is postponed, an alternative sale date will be announced via PARITY at least forty-eight (48) hours prior to such alternative sale date. On any such alternative sale date, any Bidder may submit a Bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on PARITY at the time the sale date and time are announced.

## **Additional Information**

For further information relating to the Bonds, reference is made to the POS prepared for and authorized by the Township. The Notice of Sale and the POS may be viewed on PARITY. However, the Township makes no assurance or representation with respect to the form of the Notice of Sale and the POS on PARITY, and no investment decision should be made in reliance thereon. Printed copies of the POS and the Notice of Sale may be obtained from the Municipal Advisor or Bond Counsel at the address and the phone numbers stated above. For additional information relating to the sale please contact PARITY at (212) 404-8102. Additional information relating to the financing of the Township can be obtained by contacting the undersigned Chief Financial Officer at (609) 877-2200 ext. 1001 or email at [ediggs@willingboronj.gov](mailto:ediggs@willingboronj.gov) or the Township's Municipal Advisor.

TOWNSHIP OF WILLINGBORO

By: Eusebia Diggs, Chief Financial Officer

Dated: July 24, 2018

This is a Preliminary Official Statement complete with the exception of the specific information permitted to be omitted by Rule 15(c) 2-12 of the Securities and Exchange Commission. The Township has authorized the distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15(c) 2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Township will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations requesting payment for the Bonds.

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**PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2018**

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*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Bonds indirectly may be subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**TOWNSHIP OF WILLINGBORO,  
IN THE COUNTY OF BURLINGTON,  
NEW JERSEY  
\$12,200,000\* GENERAL IMPROVEMENT BONDS  
(BOOK-ENTRY-ONLY)/(CALLABLE)**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

The \$12,200,000\* General Improvement Bonds (the "Bonds") of the Township of Willingboro, in the County of Burlington, New Jersey (the "Township"), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year. Upon issuance, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository (the "Securities Depository").

Interest on the Bonds will be payable semiannually on the first day of February and August in each year until maturity or earlier redemption, commencing February 1, 2019. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Township. Interest on the Bonds will be credited to the Participants of DTC (as defined herein) as listed on the records of DTC as of each next preceding January 15<sup>th</sup> and July 15<sup>th</sup> (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS –Redemption Provisions" herein.

The Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon 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 are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its General Counsel, Michael Armstrong, Esq., Willingboro, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about August 7, 2018.

**BID PROPOSALS FOR THE BONDS WILL ONLY BE ACCEPTED BY ELECTRONIC SUBMISSION  
VIA THE PARITY WEBSITE AT [www.newissuehome.i-deal.com](http://www.newissuehome.i-deal.com)  
ON JULY 31, 2018 UNTIL 11:00 A.M.**

**FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,  
VISIT THE WEBSITE AT [www.i-dealprospectus.com](http://www.i-dealprospectus.com)**

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\*Preliminary, subject to change.

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

**\$12,200,000\* GENERAL IMPROVEMENT BONDS**

**MATURITIES, PRINCIPAL AMOUNTS,  
INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number**</u>
2019	\$ 250,000	%	%	
2020	275,000			
2021	300,000			
2022	325,000			
2023	400,000			
2024	500,000			
2025	500,000			
2026	500,000			
2027	500,000			
2028	500,000			
2029	500,000			
2030	500,000			
2031	500,000			
2032	500,000			
2033	500,000			
2034	500,000			
2035	500,000			
2036	500,000			
2037	500,000			
2038	500,000			
2039	450,000			
2040	450,000			
2041	450,000			
2042	450,000			
2043	450,000			
2044	450,000			
2045	450,000			

\*Preliminary, subject to change.

\*\* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by Standard & Poor's Capital IQ. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

**MAYOR**

Darvis Holley

**TOWNSHIP COUNCIL MEMBERS**

Nathaniel Anderson  
Rebecca Perrone  
Jacqueline Jennings  
Martin Nock

**TOWNSHIP MANAGER**

Rich Brevogel

**FINANCE DIRECTOR**

Eusebia Diggs

**TOWNSHIP CLERK**

Sarah Wooding

**TOWNSHIP ATTORNEY**

Michael A. Armstrong & Associates, LLC  
Willingboro, New Jersey

**AUDITOR**

Bowman & Company LLP  
Voorhees, New Jersey

**BOND COUNSEL**

McManimon, Scotland & Baumann, LLC  
Roseland, New Jersey

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

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

References in this Official Statement to laws, rules, regulations, bond ordinances, resolutions, 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 offices of the Township during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY 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.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE BONDS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof, and, accordingly, it expresses no opinion with respect thereto.

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**OFFICIAL STATEMENT  
RELATING TO  
TOWNSHIP OF WILLINGBORO,  
IN THE COUNTY OF BURLINGTON, NEW JERSEY  
\$12,200,000\* GENERAL IMPROVEMENT BONDS  
(BOOK-ENTRY-ONLY)/(CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Willingboro (the "Township"), in the County of Burlington (the "County"), New Jersey (the "State"), in connection with the sale and issuance by the Township of its \$12,200,000\* General Improvement Bonds (the "Bonds"), dated their date of delivery and maturing as shown on the inside front cover page of this Official Statement. This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

**THE BONDS**

**General Description**

The Bonds will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York, which will act as securities depository ("DTC" or the "Securities Depository"). The certificates will be on deposit with the Securities Depository. The Securities Depository will be responsible for maintaining a book-entry system for recording the interest of its participants and the transfers of interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers.

Individual purchases may be made in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of the Securities Depository and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial interests in the Bonds, but each book-entry Bond owner will receive a credit balance on the books of its nominees, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased.

Interest on the Bonds is payable semi-annually on the first day of February and August in each year until maturity or earlier redemption, commencing on February 1, 2019, to the registered owners thereof whose names appear on the registration books of the Township as of each preceding January 15<sup>th</sup> and July 15<sup>th</sup>, each such date being a record date for the payment of interest on the Bonds.

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\*Preliminary, subject to change.



The principal of and interest on the Bonds will be paid to the Securities Depository by the Township. Interest will be credited to the participants of the Securities Depository as listed on the records of the Securities Depository.

## **Redemption Provisions**

The Bonds maturing prior to August 1, 2026 are not subject to redemption prior to maturity. The Bonds maturing on and after August 1, 2026 shall be subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after August 1, 2025, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, plus unpaid accrued interest to the redemption date fixed for redemption.

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

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

## **Book-Entry-Only System<sup>1</sup>**

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership

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<sup>1</sup> Source: The Depository Trust Company

nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Obligation 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 applicable, shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or the 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 are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds, if applicable, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, 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 Township or the 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 Township or the 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the Township or the Paying Agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but neither the

Township nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

**NEITHER THE TOWNSHIP NOR THE PAYING AGENT, 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, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADINGS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.**

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

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

### **SECURITY AND SOURCE OF PAYMENT**

The Bonds are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The Township is required by law to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

## AUTHORIZATION AND PURPOSE FOR THE BONDS

The Bonds are authorized by and are being 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) the bond ordinances of the Township set forth below and; (iii) a resolution of the Township duly adopted on July 3, 2018 (the "Resolution").

Number of Bond Ordinance	Description of Improvement and Date of Adoption	Principal Amount of Bonds
2015-4	Construction of an emergency service building, finally adopted April 21, 2015.	\$10,450,000
2015-5, as amended by 2016-11	Various capital improvements, finally adopted April 21, 2015, as amended October 18, 2016.	\$1,750,000

The Bonds are being issued to provide funds to: (i) currently refund the Township's \$8,000,000 Bond Anticipation Note, dated and issued March 8, 2018 and maturing August 8, 2018, (ii) provide \$4,200,000 in new money to finance the projects set forth in the bond ordinances described above, and (iii) pay costs and expenses incidental to the issuance and delivery of the Bonds.

## MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

### Local Bond Law (N.J.S.A. 40A:2-1 *et seq.*)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is \$1,778,912,540.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit. As of December 31, 2017, the statutory net debt as a percentage of average equalized valuation was 2.554%. As noted above, the statutory limit is 3.5%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

#### **Local Budget Law (N.J.S.A. 40A:4-1 *et seq.*)**

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the local unit's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made

between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but, basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; 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. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate, subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.



## **Tax Assessment and Collection Procedure**

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 result of 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, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Township was last completed in 2010.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the 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 New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are normally mailed annually in June or July by the Township. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. These interest rates and penalties are the highest permitted under New Jersey statutes. Additionally, a six percent (6%) penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

## **Tax Appeals**

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease 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 County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

## **Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "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, and published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 for the Township is on file with the Clerk and is available for review during business hours.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior

to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

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

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

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

### **Original Issue Discount**

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

original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

### **Original Issue Premium**

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

### **Additional Federal Income Tax Consequences of Holding the Bonds**

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

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

### **Changes in Federal Tax Law Regarding the Bonds**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an

adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

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

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

### **LITIGATION**

To the knowledge of Michael Armstrong, Esq., Willingboro, New Jersey (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township's Attorney and delivered to the Underwriter of the Bonds at the closing.

### **SECONDARY MARKET DISCLOSURE**

The Township, pursuant to the Resolution, has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township will provide:

(a) On or prior to 270 days from the end of each fiscal year ending December 31 in each year in which the Bonds mature to the Municipal Securities Rulemaking Board (the "MSRB") through the Electronic Municipal Market Access Dataport ("EMMA"), annual

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

(b) In a timely manner not in excess of ten business days after the occurrence of the event to the MSRB, notice of any of the following events with respect to the Bonds:

- (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 holders of the Bonds, if material;
- (8) Bond calls, if material, and 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 Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements for the Willingboro Municipal Utilities Authority: (i) audited financial information for the fiscal year ending December 31, 2012; and (ii) operating data for the fiscal year ending December 31, 2012. The Township also has requirements to file under the Burlington County Bridge Commission's County Guaranteed Lease Revenue Bonds, Series 2002, and previously failed to file in a timely manner annual financial information and operating data as required for the fiscal year 2013. Additionally, the Township previously failed to file late filing notices in connection with its untimely filings of: (i) audited financial information; (ii) operating data; (iii) adopted budgets, all as described above, and late filing notices and/or event notices in connection with certain bond insurer rating changes. Such notices of events and late filings have since been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Township appointed Phoenix Advisors, LLC in July of 2015 to serve as continuing disclosure agent.

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

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. §901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit any political subdivision of the State, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in

number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement and the appendices hereto.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters will be passed upon for the Township by the Township Attorney, Michael Armstrong, Esq., Willingboro, New Jersey.

### **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_, as underwriter (the "Underwriter"), pursuant to a Certificate of Determination and Award dated July \_\_, 2018, at a purchase price of \$\_\_\_\_,\_\_\_\_,\_\_\_\_.\_\_\_\_, which reflects the par amount of the Bonds plus/minus original issue premium/discount of \$\_\_\_\_,\_\_\_\_.\_\_\_\_. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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



## **RATING**

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

An explanation of the significance of such rating may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The rating is not a recommendation to buy, sell or hold the Bonds, and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by Standard & Poor's may have an adverse effect on the market price of the Bonds.

## **PREPARATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by certificates signed by the Chief Financial Officer of the Township that, to her knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Bowman & Company LLP assisted in the preparation of information contained in Appendix A to this Official Statement and has reviewed certain financial and statistical information contained in this Official Statement and compared it to the Township's audited financial statements, as applicable. They have not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly express no opinion with respect thereto. However, they take responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix B.

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

Neither Bond Counsel nor the Municipal Advisor have participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof, and, accordingly, express no opinion with respect thereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Chief Financial Officer, 1 Rev. Dr. M.L. King Jr. Drive, Willingboro, New Jersey, (609) 877-2200.

## **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement among the Township, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township (financial or otherwise) since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

## **TOWNSHIP OF WILLINGBORO**

By: \_\_\_\_\_  
Eusebia Diggs,  
Chief Financial Officer

Dated: July \_\_, 2018

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**APPENDIX A**

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**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE TOWNSHIP OF WILLINGBORO**

## **GENERAL INFORMATION ON THE TOWNSHIP**

### **History**

Settled in 1682 and incorporated in 1688, Willingboro has evolved from a Quaker farming community to a contemporary suburb of about 33,000 residents.

Its development has typified the strong attraction that the South Jersey area holds for residential and commercial development. The development standards adopted by the community during the late fifties remained in-place throughout its development phase. Adjustments to the plan and the form of government yielded effective mechanisms to control development that reached an average of 850 new single-family homes per year during the years 1958 through 1972.

### **Government**

In 1960, Willingboro Township voters passed a referendum for a Council/Manager form of government, which provides for a five (5) member elected Council with public accountability for legislative authority and an appointed professional chief executive responsible to that legislative authority, which was in place January 1, 1962.

### **Fire Protection and Emergency Medical Services**

Fire protection service within the Township reflects a mixture of services/programs provided by full-time and volunteer personnel. A well-trained, supervised, and equipped fire department, with twenty-two full-time personnel and approximately twenty volunteers, coordinate fire protection services for the community on a twenty-four hour basis.

Emergency medical service is handled by approximately thirty-four part-time and ten volunteer emergency medical technicians who coordinate basic life support services and emergency medical transportation within the community on a twenty-four hour basis. The high degree of training reflected in this program is complemented by advanced life support services (mobile intensive care unit) coordinated by a local hospital within the County of Burlington (the "County").

The Township is ready to build a state-of-the-art emergency services facility to be constructed at the site of the current Fire & EMS Station.

### **Police**

Twenty-four hour police protection is provided by a 68-officer department. Additional full and part-time programs include: Detective Bureau, School Crossing Guards, Crime Prevention, Police Administration, Special Officers, Animal Control, SWAT Team, Bicycle Patrol, Great Program, Civilian Adult Police Academy, Youth Police Academy, Neighborhood Watch, K-9 Unit, Motorcycle Patrol and School Resource Officers.

### **Public Works**

The Department of Public Works cleans, repairs and maintains streets, roads and storm drains, and maintains parks, playgrounds and public areas. Over the past five years, the Township has rebuilt or performed life extension work on 10 percent of its roadway system to accommodate increased residential and commercial traffic. The Township is in the process of executing a 15 Year Pavement Management Plan.

The collection and disposal of garbage, trash and other solid waste is provided for by contract with a private firm. Recycling for Willingboro Township is covered by the County.

## **Recreation**

The Willingboro Recreation & Parks Department maintains and operates over 400 acres of open space and recreational facilities which consist of 7 parks, 10 tennis courts, 3 swimming pools, 8 playgrounds, 5 baseball fields, football field, running track and at its hub the Willingboro Kennedy Community Center. Within the Kennedy Center, the Department operates a state-of-the-art fitness and wellness center, boxing gym, 3 multi-purpose gymnasiums and newly renovated banquet facility. Offering various programs for all ages, ranging from youth ballet, culinary, performing arts, developmentally disabled and various other offerings

An outstanding privately owned 18-hole golf course designed by Robert Trent Jones is open to the public.

## **Senior Services**

The Willingboro Senior Citizen Center is located in the Willingboro Kennedy Community Center at 429 John F. Kennedy Way. The Senior Citizen Center maintains and represents a total first floor area of 14,000 square feet with the use group of "B" Business section 303 "Type-11-B" construction classification.

The Center services a population averaging 300 senior citizens, veterans and general populations of residents requesting assistance in various areas of needs. A diverse schedule of classes and activities are available daily which includes Languages (German & French), General and Target Exercise, Arthritis and Healthy Bones, Tai Chi, QiGong, Zumba, Yoga, Line Dancing, Crafts and Computer among others. The "Healthy Living: A Way of Life Program" collaborates with countless local businesses and organizations to provide events, fairs, seminars, trips, job placement, housing assistance, legal assistance and conferences throughout the year.

## **Library**

Library services are provided by a tax-supported free public library. The library features a collection in excess of 90,000 items including audio-visual materials; newspapers and periodicals; and, provides a full range of services to the entire community including electronic access to library holdings, public internet terminals, and networked access to other on-line databases. The library also provides personal computers for public use. As part of the Township's commitment to the redevelopment of the Town Center, the Township constructed a 42,000 square-foot library. The library serves as a regional facility employing the latest electronic technology in the library field.

## **Hospital**

Health care within the community is supported by a 378 bed community hospital. The Lourdes Medical Center of Burlington County provides one day ambulatory surgery, an outstanding emergency room, a neuro-diagnostic laboratory, medical daycare, and a full range of medical services appropriate for a community hospital. As part of their long-term commitment to the area, the hospital's parent organization, Our Lady of Lourdes Hospital, constructed a \$20 million expansion program which includes a new emergency services and surgical facility with a new hospital bed wing. This was the first expansion in more than 20 years.

## **Willingboro Municipal Utilities Authority**

The Willingboro Municipal Utilities Authority (formerly the Willingboro Township Sewerage Authority) was organized under the Municipal Utilities Law pursuant to an ordinance of the Township adopted on February 24, 1958. This was the first authority formed in the State under the new law.

The governing body of the Authority is autonomous and consists of five members and two alternates, appointed by the Council of the Township. The terms of the members of the Authority Board are staggered so that the term of at least one member expires each year.

The Authority provides water and sewer service for the Township. In 1966, the Authority entered into a forty year contract with the Edgewater Park Sewerage Authority to process their sewage. In 1968, a ten year contract was consummated with the Township of Westampton to provide water and sewer service to the Rancocas section and other delineated service areas in Westampton Township. This contract was renewed in 1998 for another 10 year period. In 1989, the Authority entered into an initial five year water sales agreement with Mount Laurel and Evesham Townships. The agreement is automatically renewed unless prior written notice is given by any of the parties.

The following is a summary of the financial operations of the Authority for the last three (3) calendar years:(1)

	<u>Year</u> <u>2017</u>	<u>Year</u> <u>2016</u>	<u>Year</u> <u>2015</u>
Net Revenue.....	\$4,695,804	\$5,144,446	\$3,751,627
Less:			
Debt Service.....	\$1,448,524	\$1,115,600	\$1,170,930
Excess Net Revenue over Debt Service .....	\$3,247,280	\$4,028,846	\$2,580,697
Debt Service Coverage	324.18%	461.14%	320.40%

The Authority's existing debt as of December 31, 2017 was \$19,650,171.

**Business and Industry**

During the last ten years, the growth in the Township was restricted primarily to the commercial zone and the community's light industrial park. In 1987, a fifty-eight home residential development was approved by the Township Planning Board and is now complete. In 1998, the Township instituted a redevelopment zone for its primary commercial and light-industrial zone adjacent to Route 130.

Important to the Township's redevelopment is its location in Western Burlington County on the Route 130 Corridor. The State of New Jersey Planning Commission has endorsed a redevelopment plan for the corridor stretching from the south in Palmyra Borough through the Township and continuing north to Florence Township. The project includes a reinvestment of over \$150 million in new projects. Over 50,000 cars and 100 buses travel the corridor per day. A new \$700 million light rail line opened in 2004 bringing new homeowners and businesses to the region.

The Township, in partnership with ReNEWal Willingboro, L.L.C. acquired an abandoned 56-acre shopping center, which has been redeveloped as a Town Center. The Town Center has over 600,000 square feet of mixed-use development including commercial, retail, residential and civic uses. The Township built a 42,000 square foot library which was an important centerpiece of the Town Center. In the fall of 2000, the Township entered into a redevelopment agreement concerning payments in lieu of taxes relating to the portions of the Town Center to be owned by private entities. Under the agreements concerning payments in lieu of taxes, the Township is scheduled to receive greater revenues from the affected properties during the term of the Agreement than if such properties remained subject to traditional taxation.

(1) Source: Authority Auditor

In 2002, a 104 unit senior housing development was constructed that provides living facilities to allow older members of the community to continue living in Willingboro after they no longer need their single family home.

Early in 2005, Delco Development purchased the Town Center from ReNEWal Willingboro, L.L.C. Since that time there has been an explosion of activity at the Town Center. The first phase (South Phase) of the Center is 100% leased. The South phase opened in late 2006. Ruby Tuesday Restaurant opened in early 2007 as well as several smaller businesses such as Quizno's and Rita's Water Ice.

Late in 2005, Atlantic Realty, Inc., opened the newly constructed 216 unit apartment complex on the Town Center Site. The ninth and final building was completed in 2007.

The North Phase of the development includes a 90,000 square foot office building opened in August 2007 and is now home to various businesses and is fully leased.

After being dormant for several years, the area known as the Village Mall was privately purchased and renovated into the Grand Marketplace, operating as a four day per week marketplace. It houses over 100 small businesses, similar to a Market Fair.

The Avery Apartment Complex began construction in July 2011. As of February 2015, 216 units have been completed including a pool and clubhouse. The expected completion date is late in 2016 with 450 units in total and 70 affordable housing units.

**Building, Zoning and Development Codes**

The Township has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building. The Township building codes conform to standards of the Uniform Construction Code of New Jersey. These codes and other municipal codes are codified as a basis for improved administration and regulation.

The Township has the authority to regulate land use under the provisions of the New Jersey Municipal Land Use Law and has a comprehensive zoning and land use plan. In accordance with the Municipal Land Use Law, a Master Plan has been adopted by the Planning Board and the appropriate land use and zoning regulations have been adopted by Ordinance and enacted by the Township Council. Requests for variances from the land use regulations established by ordinance are considered by the Township Zoning Board of Adjustment.

**Township Employees**

<b>December 31</b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Permanent	341	342	339	290+/-	290
Part-time	239	235	236	82	82
Temporary part time	110	106	111	100	120

**Compensated Absences**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated.

## **Pension Plans**

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Police and Fire Retirement System (PFRS) and Public Employees Retirement System (PERS). Benefits, contributions, means of funding and the manner of administration are determined by the State of New Jersey Division of Pensions and Benefits.

## **Health Insurance**

All Township employees receiving health benefits through the Township are required by State Law to contribute to the cost of insurance. Percentages of contributions are determined by Chapter 78 L. 2011.

## **Employee Collective Bargaining Units**

The Burlington County Lodge No. 38, Fraternal Order of Police represents the majority of Township law enforcement officers. The contract will expire December 31, 2018.

School Crossing Guards are represented by the Willingboro School Traffic Guard Association. The contract expired June 30, 2018.

Supervisors within the Police Department are represented by the Law Enforcement Supervisors Association. The current contract will expire on December 31, 2019.

Special Law Enforcement Officers are represented by the United States Reserve Police Officers Association, Chapter 026. The current three year contract will expire on June 30, 2022.

Clerical employees are represented by the American, Federal, State, County and Municipal Employees Union (AFSCME Council 71, Local 3827). The current four year contract expires December 31, 2019.

Public Works Supervisors are represented by the United Workers WPTSA Local 1210 Union. The contract expires June 20, 2020.

Public Works employees are represented by the United Food and Commercial Workers Union, Local 1360. The contract expires December 31, 2020.

Firefighters are represented by the Burlington County Professional Firefighter's Association - IAFF Local 3091. The contract expires December 31, 2020.

Supervisors in the fire department are represented by the Superior Fire Officers, Burlington County Professional Firefighter's Association - IAFF Local 3091. The contract expires December 31, 2020.



**Largest Non-governmental Employers (1)**

The leading non-governmental employers in the Township employ approximately 2,975 people.

<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>
Lourdes Medical Center	Medical Care	1,200
Merck Medco	Prescription Medication Warehouse	1,100
Burlington County Times	Newspaper	350
Acme Markets	Supermarket	100
Cooper University Physicians	Medical Office	95
Comcast Cable	Cable Television Company	70
TD Bank	Financial Institution	60

**Building Permits Issued (2)**

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2018 (3)	1,351	\$292,617
2017	3,568	706,552
2016	2,730	575,146
2015	2,540	819,651
2014	2,300	460,754
2013	1,893	224,794

**Population (4)**

2010 Federal Census.....	31,629
2000 Federal Census.....	33,008
1990 Federal Census.....	36,291
1980 Federal Census.....	39,912

**Selected Census 2016 Data for the Township (4)**

Median household income	\$67,572
Median family income	\$74,775
Per capita income	\$27,119

- (1) Source: Township Officials
- (2) Source: Township Construction Official
- (3) As of June 30, 2018
- (4) Source: U.S. Department of Commerce, Bureau of Census

## Labor Force(1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Township</b>					
Labor Force	15,671	15,612	15,431	16,017	16,288
Employment	14,761	14,648	14,239	14,508	14,468
Unemployment	910	964	1,192	1,483	1,820
Unemployment Rate	5.8%	6.2%	7.7%	9.2%	11.2%
<b>County</b>					
Labor Force	234,179	233,255	232,623	236,325	239,184
Employment	224,582	222,869	220,189	221,067	220,181
Unemployment	9,597	10,386	12,434	15,267	19,003
Unemployment Rate	4.1%	4.5%	5.3%	6.5%	7.9%
<b>State</b>					
Labor Force	4,518,800	4,530,800	4,537,200	4,506,492	4,537,800
Employment	4,309,700	4,305,500	4,274,700	4,204,625	4,166,000
Unemployment	209,100	225,300	262,500	301,867	371,800
Unemployment Rate	4.6%	5.0%	5.8%	6.7%	8.2%

## EDUCATION

Willingboro is the site of the largest community school district in Burlington County. The school district boundaries are identical to the Township boundaries, with separate administrative control provided by a directly elected board of education. The district provides a variety of regionally recognized educational programs, ranging from advanced curriculum for the educationally gifted to specialized programs for the functionally impaired student.

A comprehensive range of programs are available throughout the district that includes one high school, two intermediate schools, and seven elementary schools. Extensive use is also made of school facilities by area colleges, as well as by the District's Continuing Education Program.

The school district operates under Chapter 7 of Title 18 of the Revised Statutes. It is governed by a nine member Board of Education elected by the voters. The Board is assisted in school administration by a Superintendent, Board Secretary, Treasurer, General Counsel, Negotiator and nine full-time Principals.

Private school education is provided at the St. John Paul's School for grades kindergarten through eighth. Enrollment which is in addition to the figures shown below is approximately 320 students.

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(1) Source: State of New Jersey Department of Labor

**TOWNSHIP OF WILLINGBORO SCHOOL DISTRICT (1)**

**School District Enrollments (1)**

June 30,

<u>Grade</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Pre-K & K	456	457	327	337	355
1	274	271	314	335	328
2	259	299	296	324	338
3	311	277	290	341	325
4	269	276	277	323	350
5	288	273	312	349	308
6	206	195	223	265	237
7	192	265	190	241	274
8	252	207	222	283	359
9	131	105	186	224	192
10	120	128	144	182	196
11	139	177	150	196	199
12	189	148	165	196	239
Sp. Education	528	555	538	558	553
Out of District	<u>86</u>	<u>127</u>	<u>99</u>	<u>141</u>	<u>143</u>
Total	<u>3,700</u>	<u>3,760</u>	<u>3,733</u>	<u>4,295</u>	<u>4,396</u>

**Present School Facilities (1)**

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>
Garfield East	1968	None	PreK-5
Hawthorne	1962	None	PreK-5
Stuart	1958	None	PreK-5
Twin Hills	1968	None	PreK-5
W. R. James	1971	None	PreK-5
Memorial Jr. High	1975	None	6-8
Alternative Programs at Levitt	1975	None	6-12
Willingboro High	1973	None	9-12
Total			

(1) Source: School District officials

## HIGHER EDUCATION FACILITIES

### **Rowan College at Burlington County**

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

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

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

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

The enrollment as of Spring 2017 consisted of 8,319 students. In addition, the College serves thousands of other County residents each semester through youth programs, the Learning Institute for Elders, customized training for local businesses, theatrical productions, guest speakers, and art exhibitions.

### **Burlington County Institute of Technology**

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

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

### **Burlington County Special Services School District**

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

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

**CERTAIN TAX INFORMATION**

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2018 Assessed Valuation</u>
Willingboro Associates, LLC	Apartments	\$17,835,700
Willingboro Square LLC	Apartments	15,253,000
Radwell Real Estate Willingboro LLC	Industrial	12,000,000
RFB Properties, NJ 2	Retail	8,000,000
American Stores Co LLC	Acme Supermarket	7,800,000
Willingboro Equities, LLC	Bank/Pharmacy/Fast Food	5,750,000
3108 Grant Ave Associates	Pharmacy	4,000,000
MH LTACH NJ LTD	Lourdes Medical Center	3,800,000
US Bank Trust	Residential	3,047,400
Wells Fargo Bank	Residential	2,904,200

**CURRENT TAX COLLECTIONS (2)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2017	\$71,081,377	\$68,011,215	95.68%	\$2,811,775	3.96%
2016	70,414,175	68,055,475	96.65	2,269,264	3.22
2015	68,094,005	65,401,808	96.05	2,654,065	3.90
2014	65,654,029	62,893,679	95.80	2,326,514	3.54
2013	63,153,926	60,835,530	96.33	1,849,687	2.93

**DELINQUENT TAXES (2)**

<u>Year</u>	<u>Outstanding Jan 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2017	\$2,831,989	---	\$2,089,159	73.77%	---	---	\$742,830
2016	3,089,696	\$30,756	2,487,250	79.71	\$ 46,319	\$24,157	562,726
2015	2,740,890	1,823	2,197,392	80.12	73,536	36,153	435,632
2014	2,289,461	8,948	1,824,571	79.38	---	59,463	414,375
2013	2,679,571	5,270	2,139,269	79.68	3,255	102,544	439,773

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

**TAX TITLE LIENS (1)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Cancellations, Foreclosures and Transfers</u>	<u>Balance Dec. 31</u>
2017	\$358,185	\$85,824	---	---	\$444,009
2016	214,551	147,296	\$3,662	---	358,185
2015	69,535	145,711	695	---	214,551
2014	68,840	695	---	---	69,535
2013	216,030	42,096	---	\$189,286	68,840

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

<u>Year</u>	<u>Balance Dec. 31</u>
2017	---
2016	---
2015	---
2014	\$228,500
2013	228,500

**NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)**

<u>Year</u>	<u>Net Assessed Valuation</u>	<u>Tax Rate(4)</u>			
		<u>Total</u>	<u>County</u>	<u>School</u>	<u>Municipal</u>
2018	\$1,873,508,300	---	---	---	---
2017	1,872,830,000	\$3.792	\$.353	\$1.726	\$1.713
2016	1,870,476,400	3.754	.352	1.697	1.705
2015	1,877,469,900	3.625	.361	1.599	1.665
2014	1,877,738,674	3.451	.334	1.498	1.619
2013	1,889,467,064	3.338	.343	1.435	1.560

(1) Source: Annual Reports of Audit

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

(3) Source: Township Tax Assessor

(4) Per \$100 of assessed valuation

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(2)</u>
2018	\$1,873,508,200	102.31%	\$1,831,207,311	\$57,896
2017	1,872,829,900	106.71	1,755,065,036	55,489
2016	1,870,476,400	107.08	1,746,802,764	55,228
2015	1,877,469,800	105.96	1,771,866,553	56,020
2014	1,875,034,000	105.13	1,783,538,476	56,389

**REAL PROPERTY CLASSIFICATION (3)**

<u>Year</u>	<u>Assessed Value</u>						
	<u>Land and Improvements</u>	<u>Vacant</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Farm</u>	<u>Apartments</u>
2018	\$1,873,508,200	\$10,143,700	\$1,692,478,700	\$131,648,000	\$9,583,400	\$399,400	\$29,255,000
2017	1,872,829,900	10,998,300	1,695,275,900	131,693,800	9,583,400	399,400	24,879,100
2016	1,870,476,400	13,364,000	1,702,680,000	124,683,600	9,583,400	399,400	19,766,000
2015	1,877,469,800	13,330,300	1,705,521,000	132,203,100	10,763,000	399,400	15,253,000
2014	1,875,034,000	14,347,100	1,709,403,800	124,962,100	10,763,000	305,000	15,253,000

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

(2) Based on Federal Census 2010 of 31,629

(3) Source: Township Tax Assessor

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

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the School District. Deductions from gross debt to arrive at net debt include deductible school debt. The resulting net debt of \$45,430,353 represents 2.554% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions	Net Debt
	Bonds	Loans			School Debt	
General	\$ 27,352,000	\$ 719,953	\$ 17,358,400	\$ 45,430,353		\$ 45,430,353
School District	22,185,000			22,185,000	\$ 22,185,000	
	<u>\$ 49,537,000</u>	<u>\$ 719,953</u>	<u>\$ 17,358,400</u>	<u>\$ 67,615,353</u>	<u>\$ 22,185,000</u>	<u>\$ 45,430,353</u>

(1) As of December 31, 2017

Included in the debt shown above, the Burlington County Bridge Commission, acting within the powers of a County Improvement Authority granted the Commission by the New Jersey Legislature, has sold County Guaranteed Lease Revenue Bonds of which the Township is obligated to make \$5,248,000 in principal amount payments through the year 2022.



## DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	\$1,778,912,540
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017	2.554%
2018 Net Valuation Taxable	\$1,873,508,300
2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,831,207,411
Gross Debt (3):	
As a percentage of 2018 Net Valuation Taxable	3.61%
As a percentage of 2018 Equalized Valuations	3.69%
Net Debt (3):	
As a percentage of 2018 Net Valuation Taxable	2.42%
As a percentage of 2018 Equalized Valuations	2.48%
Gross Debt Per Capita (4)	\$2,138
Net Debt Per Capita (4)	\$1,436

## TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Average (2015-17) Equalized Valuation of Real Property including Improvements (\$1,778,912,540)	\$62,261,939
Net Debt	<u>45,430,353</u>
Remaining Borrowing Capacity	<u><u>\$16,831,586</u></u>

## SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

4% of Averaged (2015-17) Equalized Valuation of Real Property including Improvements (\$1,778,912,540)	\$71,156,502
Local School Debt	<u>22,185,000</u>
Remaining Borrowing Capacity	<u><u>\$48,971,502</u></u>

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(1) As of December 31, 2017

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 31,629

**TOWNSHIP OF WILLINGBORO  
OVERLAPPING DEBT  
AS OF DECEMBER 31, 2017**

	<b>DEBT ISSUED</b>				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<b>Debt Auth. but not Issued</b>
County of Burlington:					
General					
Bonds	\$ 201,099,000	\$ 30,655,986 (1)	\$ 170,443,014	\$ 6,447,168 (2)	
Notes	66,300,000		66,300,000	2,507,860 (2)	\$ 55,726,226
Loans	4,930,439		4,930,439	186,499 (2)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	323,415,000	323,415,000 (3)			
Solid Waste Utility	55,355,000	55,355,000 (3)			3,570,310
Willingboro Municipal Utilities Authority(4)	19,650,171		19,650,171	19,650,171	
	<u>\$ 670,749,610</u>	<u>\$ 409,425,986</u>	<u>\$ 261,323,624</u>	<u>\$ 28,791,697</u>	<u>\$ 59,296,536</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.  
(2) Such debt is allocated as a proportion of the Issuer's share of the total 2017 Net Valuations on which County taxes are apportioned, which is 3.78% .  
(3) Deductible in accordance with N.J.S. 40:37A-80.  
(4) Authority Audit Report

**TOWNSHIP OF WILLINGBORO  
SCHEDULE OF DEBT SERVICE  
AS OF DECEMBER 31, 2017**

Budget Year Ending Dec 31	BCBC Series 2003		2006 Refunding Bonds		2009 Refunding Bonds		Series 2010		BCBC Refunding Series 2013		Series 2015		Series 2015 Refunding		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018		\$ 150	\$ 630,000	\$ 23,625	\$125,000	\$ 27,910	\$ 780,000	\$ 147,000	\$ 825,000	\$ 228,250	\$ 650,000	\$ 347,500	\$1,020,000	\$143,075	\$ 4,030,000	\$ 917,510
2019	\$ 3,000	150			125,000	21,535	810,000	130,620	865,000	187,000	650,000	321,500	1,050,000	115,725	3,503,000	776,530
2020					130,000	14,910	840,000	106,320	915,000	143,750	650,000	302,000	1,070,000	88,725	3,605,000	655,705
2021					125,000	7,500	870,000	81,120	955,000	98,000	650,000	289,000	1,095,000	65,025	3,695,000	540,645
2022							895,000	55,020	1,005,000	50,250	650,000	266,250	1,130,000	35,400	3,680,000	406,920
2023							939,000	28,170			1,220,000	219,500			2,159,000	247,670
2024											1,200,000	159,000			1,200,000	159,000
2025											1,200,000	115,500			1,200,000	115,500
2026											1,200,000	87,000			1,200,000	87,000
2027											1,200,000	54,000			1,200,000	54,000
2028											1,200,000	18,000			1,200,000	18,000
	\$ 3,000	\$ 300	\$ 630,000	\$ 23,625	\$505,000	\$ 71,855	\$5,134,000	\$ 548,250	\$ 4,565,000	\$ 707,250	\$10,470,000	\$2,179,250	\$5,365,000	\$447,950	\$ 26,672,000	\$3,978,480

	BCBC Leases		N. J. Environmental Infrastructure Loans				
	2017		2012 Trust Loan		2012 Fund Loan	Total Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2018	\$130,000	\$ 23,244	\$ 20,000	\$ 16,845	\$ 24,997	\$ 44,997	\$ 16,845
2019	130,000	26,200	20,000	15,845	24,997	44,997	15,845
2020	135,000	21,000	20,000	14,845	24,997	44,997	14,845
2021	140,000	14,250	20,000	13,845	24,997	44,997	13,845
2022	145,000	7,250	25,000	12,845	24,997	49,997	12,845
2023			25,000	11,595	24,997	49,997	11,595
2024			25,000	10,345	24,997	49,997	10,345
2025			25,000	9,095	24,997	49,997	9,095
2026			30,000	7,845	24,997	54,997	7,845
2027			30,000	6,345	24,997	54,997	6,345
2028			30,000	5,445	24,997	54,997	5,445
2029			30,000	4,545	24,997	54,997	4,545
2030			35,000	3,608	24,997	59,997	3,608
2031			35,000	2,488	24,997	59,997	2,488
	\$680,000	\$ 91,944	\$ 370,000	\$ 135,535	\$ 349,953	\$ 719,953	\$ 135,535

## 2018 MUNICIPAL BUDGET

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Miscellaneous Revenues:	
Surplus Anticipated	\$ 1,596,000.00
Local Revenues	903,367.00
State Aid without Offsetting Appropriations	3,684,275.00
Dedicated Uniform Construction Code Fees	900,000.00
Interlocal Municipal Service Agreements	139,081.00
Public and Private Programs Offset with Appropriations	136,405.26
Other Special Items of Revenue	2,867,427.28
Receipts from Delinquent Taxes	2,500,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>32,820,094.46</u>
Total Appropriated Revenues	<u><u>\$ 45,546,650.00</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 29,492,330.35
Deferred Charges and Statutory Expenditures	4,577,648.00
Cash Deficit of Preceding Year	612,825.38
Excluded from "CAPS"	
Other Operations	2,276,360.12
Interlocal Municipal Service Agreements	139,081.00
Public and Private Programs	136,405.26
Capital Improvement Fund	100,000.00
Debt Service	5,242,595.49
Deferred Charges	50,000.00
Judgments	20,000.00
Reserve for Uncollected Taxes	<u>2,899,404.40</u>
Total Appropriations	<u><u>\$ 45,546,650.00</u></u>

**CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2018-2023**

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	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Budget Appropriation Current Year 2018</u>	<u>Bonds and Notes General</u>
Roads, Streets, Sidewalks and Storm Drains	\$ 7,500,000	\$ 375,000		\$ 7,125,000
Renovations to Buildings and Grounds	600,000	30,000		570,000
Vehicles-Public Works and Police	300,000	15,000		285,000
IT and Computers	150,000	7,500		142,500
<b>TOTALS - ALL PROJECTS</b>	<b>\$ 8,550,000</b>	<b>\$ 427,500</b>	<b>\$ -</b>	<b>\$ 8,122,500</b>

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**APPENDIX B**

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**AUDITED FINANCIAL STATEMENTS AND SELECTED FINANCIAL  
INFORMATION OF THE TOWNSHIP**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Township Council  
Township of Willingboro  
Willingboro, NJ 08046

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

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Willingboro, in the County of Burlington, State of New Jersey (Township), 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 Township's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Willingboro, in the County of Burlington, 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 Township of Willingboro, in the County of Burlington, 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,

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

/s/ Kirk N. Applegate  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
June 26, 2018



**TOWNSHIP OF WILLINGBORO**  
**CURRENT FUND**  
Statements of Assets, Liabilities, Reserves and Fund Balance--  
Regulatory Basis

<b>ASSETS</b>	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 6,736,457	\$ 9,022,092	\$ 9,279,336	\$ 3,851,157	\$ 7,454,124
Federal, State and Local Grants Receivable	668,222	603,471	798,874	583,463	630,864
	<u>7,404,679</u>	<u>9,625,563</u>	<u>10,078,210</u>	<u>4,434,620</u>	<u>8,084,988</u>
Receivables and other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	3,554,605	2,831,989	3,089,696	2,740,890	2,289,461
Tax Title Liens Receivable	444,009	358,185	214,551	69,535	68,840
Property Acquired for Taxes-- Assessed Valuation				228,500	228,500
Revenue Accounts Receivable	8,876	10,810	8,660	8,853	10,333
Prepaid Expenses				289,512	287,886
Other Accounts Receivable	389,184	443,611	435,508	430,809	471,517
Interfunds Receivable	3,677,388	1,302,353	777,456	2,721,457	165,871
	<u>8,074,062</u>	<u>4,946,948</u>	<u>4,525,871</u>	<u>6,489,556</u>	<u>3,522,408</u>
Deferred Charges:					
Deficit from Operations	612,826				
Emergency - Legal Settlement	50,000				
Special Emergency - Revaluation					174,800
Special Emergency - Hurricane Irene			39,646	79,295	118,944
Special Emergency - Compensated Absences Payment			64,607	157,609	264,810
Overexpenditure of Appropriation				18,254	18,254
	<u>662,826</u>	<u>-</u>	<u>104,253</u>	<u>255,158</u>	<u>576,808</u>
	<u>\$ 16,141,567</u>	<u>\$ 14,572,511</u>	<u>\$ 14,708,334</u>	<u>\$ 11,179,334</u>	<u>\$ 12,184,204</u>

(Continued)

**TOWNSHIP OF WILLINGBORO**  
**CURRENT 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>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 2,014,013	\$ 1,791,383	\$ 1,951,580	\$ 2,037,035	\$ 1,427,370
Encumbrances Payable	575,704	467,038	481,582	377,622	335,390
Payroll Deductions Payable	148,806	117,041	165,061	166,606	171,028
Reserve for Special Funds	39,845	40,168	40,168	57,935	93,776
Prepaid Taxes	693,473	360,931	374,226	283,252	1,331,677
Tax Overpayments	679,344	594,275	491,184	774,520	630,947
Due to County for Added or Omitted Taxes	15,595	44,920	15,637	50,581	4,797
Special Emergency Note Payable					174,800
Accounts Payable			165,123		
Interfunds Payable	57,082	75,934	200,683	58,545	1,793,510
Reserve for Federal and State Grants	577,371	482,934	584,653	549,235	604,905
Due State of New Jersey--					
Senior Citizen's and Vetern's Deductions	62,460	47,710	25,210	23,460	21,213
Marriage License Fees	1,075	1,025	800	700	850
Training Fees for New Construction	8,848	8,315	10,035	8,741	5,897
	4,873,616	4,031,674	4,505,942	4,388,232	6,596,160
Reserve for Receivables and Other Assets	8,074,062	4,946,948	4,525,871	6,489,556	3,356,537
Fund Balance	3,193,889	5,593,889	5,676,521	301,546	2,231,507
	<u>\$ 16,141,567</u>	<u>\$ 14,572,511</u>	<u>\$ 14,708,334</u>	<u>\$ 11,179,334</u>	<u>\$ 12,184,204</u>

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

**TOWNSHIP OF WILLINGBORO**  
**CURRENT FUND**

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

	For the Year Ended				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenue Realized:</b>					
Current Tax Collections	\$ 68,011,215	\$ 68,055,475	\$ 65,401,808	\$ 62,893,679	\$ 60,835,530
Delinquent Tax Collections	2,089,159	2,490,912	2,198,087	1,824,571	2,139,269
<b>Total Taxes</b>	<b>70,100,375</b>	<b>70,546,387</b>	<b>67,599,895</b>	<b>64,718,250</b>	<b>62,974,799</b>
Miscellaneous Revenues Anticipated	7,338,204	7,150,990	9,933,712	7,584,378	6,960,979
Non Budget Revenue	690,910	670,350	257,751	187,007	101,803
Other Credits to Income	1,900,525	1,807,117	4,172,258	1,152,371	1,268,905
Fund Balance Utilized	2,400,000	2,345,000	300,000	1,000,000	1,047,886
<b>Total Income</b>	<b>82,430,014</b>	<b>82,519,844</b>	<b>82,263,616</b>	<b>74,642,006</b>	<b>72,354,372</b>
<b>Expenditures and Encumbrances:</b>					
Operating	32,314,671	31,329,822	31,031,664	29,451,957	28,256,666
Deferred Charges and Statutory Expenditures	4,342,073	5,021,762	4,288,228	4,553,710	4,362,296
Judgements	50,000				
Capital Improvements	796	428,911	705,650	105,650	205,000
Debt Service	5,180,864	5,181,036	4,561,225	4,592,014	4,377,369
County Taxes	6,601,405	6,614,206	6,775,327	6,295,285	6,465,843
Local School Tax	32,023,422	30,871,641	29,067,245	27,605,916	26,848,821
Other Expenditures	2,579,607	810,098	159,302	2,967,436	435,834
<b>Total Expenditures and Encumbrances</b>	<b>83,092,839</b>	<b>80,257,476</b>	<b>76,588,641</b>	<b>75,571,967</b>	<b>70,951,829</b>
Excess (Deficit) in Revenue	(662,826)	2,262,368	5,674,975	(929,961)	1,402,543
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which by Statute are Deferred to Following Year	50,000	-	-	-	18,254
<b>Statutory Excess (Deficit) to Fund Balance</b>	<b><u>\$(612,826)</u></b>	<b>2,262,368</b>	<b>5,674,975</b>	<b>(929,961)</b>	<b>1,420,797</b>
Fund Balance, January 1	\$ 5,593,889	5,676,521	301,546	2,231,507	1,858,596
Decreased by:		7,938,889	5,976,521	1,301,546	3,279,393
Utilized as Revenue	2,400,000	2,345,000	300,000	1,000,000	1,047,886
<b>Fund Balance December 31</b>	<b><u>\$ 3,193,889</u></b>	<b><u>\$ 5,593,889</u></b>	<b><u>\$ 5,676,521</u></b>	<b><u>\$ 301,546</u></b>	<b><u>\$ 2,231,507</u></b>

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

**TOWNSHIP OF WILLINGBORO**  
**TRUST AND OTHER FUNDS**  
Statements of Assets, Liabilities and Reserves--Regulatory Basis

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>					
Cash and Investments	\$ 4,254,653	\$ 4,126,417	\$ 3,529,399	\$ 2,871,440	\$ 3,028,237
Other Accounts Receivable	13,383	13,069	7,771	22	
Investments	347,314	339,690	348,577		
Interfund Loans Receivable	49,208		36,951	25,764	4,894
	<u>\$ 4,664,558</u>	<u>\$ 4,479,176</u>	<u>\$ 3,922,698</u>	<u>\$ 2,897,226</u>	<u>\$ 3,033,131</u>
<b>LIABILITIES AND RESERVES</b>					
Other Accounts Payable		\$ 1	\$ 17	\$ 21	\$ 600
Interfund Loans Payable	\$ 13,383	76,100	7,771	100	
Reserve for Special Funds	4,651,175	4,403,075	3,914,910	2,897,105	3,032,531
	<u>\$ 4,664,558</u>	<u>\$ 4,479,176</u>	<u>\$ 3,922,698</u>	<u>\$ 2,897,226</u>	<u>\$ 3,033,131</u>

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

**TOWNSHIP OF WILLINGBORO**  
**GENERAL CAPITAL 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>
<b>ASSETS</b>					
Cash and Investments		\$ 6,309	\$ 50,522		\$ 4,150
Due from Special Assessment	\$ 233,173	318,028	403,109	\$ 489,729	576,000
Interfunds Receivable					1,622,745
Deferred Charges to Future Taxation:					
Funded	28,071,953	32,180,949	36,165,946	27,271,942	30,292,939
Unfunded	17,358,400	17,291,250	15,227,450	13,907,650	12,211,350
	<u>\$ 45,663,526</u>	<u>\$ 49,796,536</u>	<u>\$ 51,847,027</u>	<u>\$ 41,669,321</u>	<u>\$ 44,707,184</u>
<b>LIABILITIES AND RESERVES</b>					
Cash and Investments Overdraft	\$ 812,269			\$ 781,568	
General Serial Bonds and Loans	27,391,953	\$ 31,335,949	\$ 35,200,946	26,189,942	\$ 29,100,939
Bond Anticipation Notes				5,416,400	5,581,400
Lease Payable	680,000	845,000	965,000	1,082,000	1,192,000
Interfund Payable	3,669,514	1,163,388	630,450	2,688,577	
Improvement Authorizations:					
Funded	66,935	332,589	508,191	134,717	1,178,348
Unfunded	2,330,961	14,416,397	13,943,956	2,342,264	6,699,258
Contracts Payable	10,631,035	1,523,060	472,482	2,259,544	833,037
Reserve for:					
Reserve to Pay BAN				648,457	
Capital Improvement Fund	46,952	138,553	84,402	84,252	80,602
Fund Balance	33,908	41,600	41,600	41,600	41,600
	<u>\$ 45,663,526</u>	<u>\$ 49,796,536</u>	<u>\$ 51,847,027</u>	<u>\$ 41,669,321</u>	<u>\$ 44,707,184</u>

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

**TOWNSHIP OF WILLINGBORO**  
Notes to Financial Statements  
For the Year Ended December 31, 2017

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

**Description of Financial Reporting Entity** - The Township of Willingboro was incorporated in 1688 and is located in Burlington County, approximately twelve miles from the City of Philadelphia. The Township has evolved from a farming community to a contemporary suburb of about 32,000 residents.

In 1960, Willingboro Township voters passed a referendum for a Council/Manager form of government that provides for a five (5) member elected Council with public accountability for legislative authority and an appointed professional chief executive responsible to that legislative authority.

**Component Units** - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, 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 Township, the primary government:

Willingboro Municipal Utilities Authority  
433 John F. Kennedy Way  
Willingboro, New Jersey 08046

Willingboro Public Library  
220 Willingboro Parkway  
Willingboro, New Jersey 08046

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

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

In accordance with the *Requirements*, the Township of Willingboro 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.

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

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

**Budgets and Budgetary Accounting** - The Township of Willingboro must adopt an annual budget for its current fund in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 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 Local Finance Board.

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

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

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

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

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

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

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

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

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

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

**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 over expenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

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

**Fund Balance** - Fund Balance included in the current fund represents an amount available for anticipation as revenue in future year's 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 are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.



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

**Property Tax Revenues** - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington and Township of Willingboro 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 Township of Willingboro School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

**County Taxes** - The municipality is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations are charged for the amount due the County for the year, based upon the ratable 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.

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

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

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

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

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

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

**Compensated Absences and Post-employment 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 post-employment benefits, if any, which are also funded on a pay-as-you-go basis.

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

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

As of December 31, 2017, the Township's bank balances of \$11,620,059.70 were exposed to custodial credit risk as follows:

Insured by FDIC & GUDPA	\$ 7,745,494.14
Uninsured and Uncollateralized	<u>3,874,565.56</u>
Total	<u>\$ 11,620,059.70</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 years.

**Comparative Schedule of Tax Rates**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	<u>\$3.792</u>	<u>\$3.754</u>	<u>\$3.625</u>	<u>\$3.451</u>	<u>\$3.338</u>
Apportionment of Tax Rate:					
Municipal	\$1.713	\$1.705	\$1.665	\$1.619	\$1.560
County	0.315	0.314	0.323	0.319	0.328
County Open Space Preservation Trust Fund	0.038	0.038	0.038	0.015	0.015
Local School	1.726	1.697	1.599	1.498	1.435

Note 3: PROPERTY TAXES (CONT'D)

Assessed Valuation

<u>Year</u>	<u>Assessed Valuation</u>
2017	\$ 1,872,830,000.00
2016	1,870,476,400.00
2015	1,877,469,900.00
2014	1,877,738,674.00
2013	1,889,467,064.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 71,081,376.75	\$ 68,011,215.48	95.68%
2016	70,414,175.08	68,055,474.85	96.65%
2015	68,094,004.70	65,401,808.13	96.05%
2014	65,654,028.66	62,893,679.41	95.80%
2013	63,153,926.10	60,835,530.29	96.33%

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	\$ 444,009.31	\$ 3,554,604.81	\$ 3,998,614.12	5.63%
2016	358,184.91	2,831,989.46	3,190,174.37	4.53%
2015	214,550.76	3,089,696.15	3,304,246.91	4.85%
2014	69,534.67	2,740,889.56	2,810,424.23	4.28%
2013	68,840.13	2,289,460.83	2,358,300.96	3.73%

The following comparison is made of the number of tax title liens receivable on December 31, of the last five years:

<u>Year</u>	<u>Number of Tax Title Liens Receivable</u>
2017	21
2016	20
2015	13
2014	6
2013	5

**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	\$ -
2016	-
2015	-
2014	228,500.00
2013	228,500.00

**Note 5: FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 3,193,888.58	\$ 1,596,000.00	49.97%
2016	5,593,888.58	2,400,000.00	42.90%
2015	5,676,521.26	2,345,000.00	41.31%
2014	301,546.10	300,000.00	99.49%
2013	2,231,506.90	1,000,000.00	44.81%

**Note 6: INTERFUND RECEIVABLES AND PAYABLES**

The following interfunds 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 Fund	\$ 3,677,388.32	\$ 49,207.97
Trust-Animal Control Fund	13,382.95	
Trust-Other Funds	49,207.97	13,382.95
Federal and State Grant Fund		7,874.31
General Capital Fund		3,669,514.01
	<u>\$ 3,739,979.24</u>	<u>\$ 3,739,979.24</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 7: PENSION PLANS**

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

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.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 Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

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

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

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

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

The following represents the membership tiers for PERS:

**Tier Definition**

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

**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.

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

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and 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 Township's contractually required contribution rate for the year ended December 31, 2017 was 12.71% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$904,064.00, 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$850,159.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$525,303.52.

**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.

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

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 26.66% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$2,115,229.00, 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$1,802,883.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$813,953.32.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.60% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$206,660.00, 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 Township, to the pension plan for the year ended December 31, 2016 was \$135,914.00, 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 Township contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled \$3,097.93, and the Township's contributions were \$1,632.43. There were forfeitures totaling \$2,470.56 during the year.



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

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

**Public Employees' Retirement System** - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$22,717,314.00. 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .0975896627%, which was an increase of .0018926041% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$2,041,241.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$850,159.00, and was paid on April 1, 2017.

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

Township's Proportionate Share of Net Pension Liability	\$ 36,897,588.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>4,132,841.00</u>
	<u>\$ 41,030,429.00</u>

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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was .2390039418%, which was an increase of .0178837111% 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 Township, was .2390039418%, which was an increase of .0178837111% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$3,450,808.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$1,802,883.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2017 measurement date is \$505,540.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 7: PENSION PLANS (CONT'D)

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

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2017, the Township had deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 534,914.00	\$ 239,370.00	\$ 774,284.00
Changes of Assumptions	4,576,756.00	4,549,884.00	9,126,640.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	154,690.00	704,092.00	858,782.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	1,258,019.00	2,427,420.00	3,685,439.00
Township Contributions Subsequent to the Measurement Date	452,032.00	1,057,615.00	1,509,647.00
	<u>\$ 6,976,411.00</u>	<u>\$ 8,978,381.00</u>	<u>\$ 15,954,792.00</u>

\$452,032.00 and \$1,057,615.00 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 Township's year end of December 31, 2017.

Note 7: PENSION PLANS (CONT'D)

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

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - At December 31, 2017, the Township had deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ -	\$ 216,558.00	\$ 216,558.00
Changes of Assumptions	4,559,977.00	6,042,746.00	10,602,723.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	1,640,981.00	1,640,981.00
Township Contributions Subsequent to the Measurement Date	-	-	-
	<u>\$ 4,559,977.00</u>	<u>\$ 7,900,285.00</u>	<u>\$ 12,460,262.00</u>

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

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

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

	<b>PERS</b>		<b>PFRS</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
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 Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59

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

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

<b>Year Ending Dec 31,</b>	<b>PERS</b>	<b>PFRS</b>	<b>Total</b>
2018	\$ 937,469.00	\$ 553,434.00	\$ 1,490,903.00
2019	1,209,688.00	1,320,429.00	2,530,117.00
2020	797,665.00	68,232.00	865,897.00
2021	(542,525.00)	(1,463,373.00)	(2,005,898.00)
2022	(437,895.00)	(458,241.00)	(896,136.00)
	<u>\$ 1,964,402.00</u>	<u>\$ 20,481.00</u>	<u>\$ 1,984,883.00</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:

	<b>PERS</b>	<b>PFRS</b>
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 7: 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 table on the following page:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 7: PENSION PLANS (CONT'D)**

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

**Public Employees' Retirement System (PERS)** - The following presents the Township's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
Township's Proportionate Share of the Net Pension Liability	<u>\$ 28,182,369.00</u>	<u>\$ 22,717,314.00</u>	<u>\$ 18,164,245.00</u>

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Township 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:

	<b>1% Decrease (5.14%)</b>	<b>Current Discount Rate (6.14%)</b>	<b>1% Increase (7.14%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 48,615,611.00	\$ 36,897,588.00	\$ 27,269,900.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>5,445,358.37</u>	<u>4,132,841.00</u>	<u>3,054,458.74</u>
	<u>\$ 54,060,969.37</u>	<u>\$ 41,030,429.00</u>	<u>\$ 30,324,358.74</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 7: 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 Township'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>
Township's Proportion of the Net Pension Liability	0.0975896627%	0.0956970586%	0.0940952744%
Township's Proportionate Share of the Net Pension Liability	\$ 22,717,314.00	\$ 28,342,724.00	\$ 21,122,504.00
Township's Covered Payroll (Plan Measurement Period)	\$ 6,812,684.00	\$ 6,504,688.00	\$ 6,524,364.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	333.46%	435.73%	323.75%
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>	
Township's Proportion of the Net Pension Liability	0.0880116077%	0.0858035203%	
Township's Proportionate Share of the Net Pension Liability	\$ 16,478,180.00	\$ 16,398,758.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 6,138,828.00	\$ 5,891,132.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	268.43%	278.36%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

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

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township'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>
Township's Contractually Required Contribution	\$ 904,064.00	\$ 850,159.00	\$ 808,967.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(904,064.00)</u>	<u>(850,159.00)</u>	<u>(808,967.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 7,113,531.00	\$ 6,777,154.00	\$ 6,703,487.00
Township's Contributions as a Percentage of Covered Payroll	12.71%	12.54%	12.07%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 725,555.00	\$ 646,512.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(725,555.00)</u>	<u>(646,512.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 6,475,940.00	\$ 6,193,749.00	
Township's Contributions as a Percentage of Covered Payroll	11.20%	10.44%	

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

**Supplementary Pension Information (Cont'd)**

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.2390039418%	0.2211202307%	0.2393703610%
Township's Proportionate Share of the Net Pension Liability	\$ 36,897,588.00	\$ 42,239,620.00	\$ 39,870,758.00
State's Proportionate Share of the Net Pension Liability associated with the Township	4,132,841.00	3,547,080.00	3,496,532.00
Total	<u>\$ 41,030,429.00</u>	<u>\$ 45,786,700.00</u>	<u>\$ 43,367,290.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 7,854,432.00	\$ 7,106,944.00	\$ 7,629,136.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	469.77%	594.34%	522.61%
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>	
Township's Proportion of the Net Pension Liability	0.2363978811%	0.2362503530%	
Township's Proportionate Share of the Net Pension Liability	\$ 29,736,661.00	\$ 31,407,353.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	3,202,139.00	2,927,547.00	
Total	<u>\$ 32,938,800.00</u>	<u>\$ 34,334,900.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 7,545,652.00	\$ 7,390,760.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	394.09%	424.95%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

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

**Supplementary Pension Information (Cont'd)**

***Schedule of the Township'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>
Township's Contractually Required Contribution	\$ 2,115,229.00	\$ 1,802,883.00	\$ 1,945,724.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(2,115,229.00)</u>	<u>(1,802,883.00)</u>	<u>(1,945,724.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 7,934,082.00	\$ 7,889,135.00	\$ 7,351,920.00
Township's Contributions as a Percentage of Covered Payroll	26.66%	22.85%	26.47%

  

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 1,815,699.00	\$ 1,723,630.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,815,699.00)</u>	<u>(1,723,630.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 7,677,392.00	\$ 7,550,693.00
Township's Contributions as a Percentage of Covered Payroll	23.65%	22.83%

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

Changes in Benefit Terms - None

Changes in Assumptions - For 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 8: LENGTH OF SERVICE AWARD PROGRAM**

**Plan Description** - The Township's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Township's trust fund, was created by a Township Resolution adopted on June 25, 2002 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the Township approved the adoption of the Plan at the general election held on July 23, 2002, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2003. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for emergency service volunteers of the Willingboro Volunteer Fire Company and Willingboro Volunteer Emergency Squad, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Township, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Note 8: LENGTH OF SERVICE AWARD PROGRAM (CONT'D)**

**Plan Amendments** - The Township may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Township, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Township's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Township's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Township shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Township may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Township shall notify all participants in writing prior to making any amendment to the Plan.

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

The Township elected to contribute between \$500.00 and \$1,500.00 for the year ended December 31, 2017, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2017, the Township's total expenditure, net of forfeitures of \$2,470.56, to the Plan was \$19,040.44.

**Participant Accounts** - Each participant's account is credited with the Township's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Township has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Township to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Township. These funds, however, are not available for funding the operations of the Township.

**Vesting** - The Township, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

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

**Note 8: LENGTH OF SERVICE AWARD PROGRAM (CONT'D)**

**Payment of Benefits (Cont'd)** - In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

**Forfeited Accounts** - For the year ended December 31, 2017, forfeited non-vested accounts totaled \$2,470.56. The forfeited accounts are due to the current fund.

**Investments** - The investments of the length of service awards program reported in the trust - other funds on the statements of assets, liabilities, reserves, and fund balance - regulatory basis are recorded at fair value.

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

**Supplementary Length of Service Award Program Information**

In accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the following schedule of Township contributions to the length of service award program is presented. This schedule is presented to illustrate the requirements to show information for 10 years.

<u>Year Ended</u> <u>December 31,</u>	<u>Township's</u> <u>Plan</u> <u>Calculated</u> <u>Contribution</u>	<u>Township's</u> <u>in Relation</u> <u>to the Plan</u> <u>Calculated</u> <u>Contribution</u>	<u>Township's</u> <u>Plan</u> <u>Calculated</u> <u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>
2017	\$ 21,511.00	\$ 21,511.00	\$ -
2016	22,250.00	22,250.00	-
2015	26,160.00	26,160.00	-
2014	28,680.00	28,680.00	-
2013	33,068.00	31,868.00	(1,200.00)
2012	30,263.00	30,263.00	-
2011	38,321.00	38,321.00	-
2010	43,248.00	43,248.00	-
2009	48,407.00	46,132.00	(2,275.00)
2008	54,962.00	53,812.00	(1,150.00)

**Note 9: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN****Postemployment Benefits Other Than Pension**

The State Pension Fund provides health benefits through the State Health Benefit Plan which is a cost-sharing multiple-employer defined benefit postemployment healthcare plan. As a result, GASB Statement 45 requires that the actuarial accrued liability for employee benefits are recorded as an obligation of the State Health Benefit Plan and not the Township.

***State Health Benefit Plan***

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

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2012, the Township authorized participation in the SHBP's post-retirement benefit program through resolution number 2012-188. The Township provides post-employment health care benefits, at its cost, to certain employees. Employees retiring with twenty-five (25) or more years of service with the Township and/or twenty-five (25) or more years of service credit in a state or locally administered retirement system, and employees retiring on an accidental disability pension, are eligible to receive fully paid health and prescription benefits.

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

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits.

The Township's contributions to SHBP for the years ended December 31, 2017, 2016 and 2015 were \$104,286.54, \$90,755.52 and \$62,846.83, respectively, which equaled the required contributions. There were 11 retired participants, 4 spouses and 6 children eligible at December 31, 2017.

**Note 10: COMPENSATED ABSENCES**

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward. Part-time employees are not entitled to compensated absences.

The Township of Willingboro compensates employees for unused sick leave upon retirement. The current policy consists of four plans. Three of the plans cover full time employees who are members of the Law Enforcement Supervisors Association, the Fraternal Order of Police, or the American Federation of State, County and Municipal Employees unions. The fourth plan covers all non- contractual full time employees. Each plan contains different retirement payments based on employee hiring dates. Details of the plans may be obtained from the Township.



**Note 10: COMPENSATED ABSENCES (CONT'D)**

The Township 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 \$1,798,520.86.

**Note 11: DEFERRED COMPENSATION SALARY ACCOUNT**

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

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

**Note 12: LEASE OBLIGATIONS**

**County Lease Agreement** - At December 31, 2017, the Township had a capital lease agreement of \$1,133,800.00 in effect with the Burlington County Bridge Commission for the acquisition of vehicles, equipment, land and buildings; renovations to municipal buildings; reconstruction of roads, sidewalks and curbs; and improvements to drainage and storm sewer systems.

Future minimum lease payments under the capital lease agreement are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 130,000.00	\$ 23,243.89
2019	130,000.00	26,200.00
2020	135,000.00	21,000.00
2021	140,000.00	14,250.00
2022	145,000.00	21,500.00
	<u>\$ 680,000.00</u>	<u>\$ 106,193.89</u>

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

Capital Leases:

- One (1) 2016 Ford Police Interceptor Sedan
- Four (4) 2017 Ford Police Interceptor Utility
- Six (6) 2017 Jeep Patriots
- Five (5) 2017 Ford Police Interceptor Utility

Operating Lease:

- Thirteen (13) Copier Machines

**Note 12: LEASE OBLIGATIONS (CONT'D)**

**Capital Leases** - The following is an analysis of the Township's capital leases:

	<b>Balance as of</b>
	<b><u>December 31, 2017</u></b>
Vehicles	\$ 332,053.78

The following schedule represents the remaining principal and interest payments, through maturity, for capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 165,560.76	\$ 7,527.72
2019	100,592.58	9,349.58
2020	65,900.44	3,723.15
	<u>\$ 332,053.78</u>	<u>\$ 20,600.45</u>

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

<u>Year</u>	<u>Amount</u>
2018	\$ 31,643.10
2019	29,856.60
2020	17,288.28
2021	6,997.08
2022	5,589.12
	<u>\$ 91,374.18</u>

Rental payments under these leases for the year 2017 was \$26,411.28.

**Note 13: CAPITAL DEBT**

County Guaranteed Pooled Loan Revenue Bonds of 2003 - On December 11, 2003, the Burlington County Bridge Commission issued \$10,039,000.00 of general obligation bonds on behalf of the Township, with interest rates ranging from 2.00% to 5.00%. The bonds were issued for the purpose of funding various capital projects in the Township. A portion of these bonds were refunded by the County Guaranteed Pooled Loan Revenue Refunding Bonds, Series 2013A. The final remaining maturity of the bonds is December 1, 2019.

Refunding Bonds of 2006 - On January 26, 2006, the Township issued \$4,925,000.00 in general obligation refunding bonds, with interest rates ranging from 3.125% to 5.00%, to advance refund \$4,615,000.00 outstanding of the 2000 general obligation bonds with interest rates ranging from 5.00% to 5.20%. The final maturity of the bonds is September 1, 2018.

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

General Improvement Bonds of 2007 - On August 1, 2007, the Township issued \$12,005,000.00 of general improvement bonds, with interest rates ranging from 4.00% to 4.25%. The bonds were issued for the purpose of funding various capital projects in the Township. A portion of these bonds were refunded by the General Improvement Refunding Bonds, Series 2015. The final remaining maturity of the bonds was August 1, 2017.

General Obligation Refunding Bonds, Series 2009 - On December 22, 2009, the Township issued \$1,465,000.00 of general obligation refunding bonds, with interest rates ranging from 1.50% to 6.00%, to advance refund \$1,350,000.00 outstanding of the 2001 general improvement bonds with interest rates ranging from 4.25% to 7.00%. The final remaining maturity of the bonds is September 15, 2021.

General Improvement Bonds, Series 2010 - On July 14, 2010, the Township issued \$9,619,000.00 of general improvement bonds, with interest rates ranging from 2.00% to 3.00%. The bonds were issued for the purpose of funding various capital projects in the Township. The final remaining maturity of the bonds is August 1, 2023.

County Guaranteed Pooled Loan Revenue Refunding Bonds, Series 2013A - On March 11, 2013, the Burlington County Bridge Commission issued \$7,685,000.00 of general obligation bonds on behalf of the Township, with interest rates ranging from 2.00% to 5.00%. The bonds were issued for the purpose of refunding a portion of the County Guaranteed Pooled Loan Revenue Bonds of 2003. The final maturity of the bonds is December 1, 2022.

General Improvement Bonds, Series 2015 - On April 21, 2015, the Township issued \$11,770,000.00 of general improvement bonds, with interest rates ranging from 2.00% to 5.00%. The bonds were issued for the purpose of funding various capital projects in the Township. The final maturity of the bonds is April 1, 2028.

General Improvement Refunding Bonds, Series 2015 - On December 10, 2015, the Township issued \$5,515,000.00 in general improvement refunding bonds, with interest rates ranging from 2.00% to 4.00%, to advance refund \$5,270,000.00 of the outstanding General Improvement Bonds of 2007 with interest rates ranging from 4.00% to 4.25%. The final maturity of the bonds is August 1, 2022.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 4,030,000.00	\$ 917,510.00
2019	3,503,000.00	776,530.00
2020	3,605,000.00	655,705.00
2021	3,695,000.00	540,645.00
2022	3,680,000.00	406,920.00
2023-2027	6,959,000.00	663,170.00
2028	1,200,000.00	18,000.00
	<u>\$ 26,672,000.00</u>	<u>\$ 3,978,480.00</u>

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

**New Jersey Environmental Infrastructure Loan**

The Township of Willingboro received a New Jersey Environmental Infrastructure Loan for the purchase of a street sweeper and for stormwater outfall. This loan is considered long term debt and is applied towards the Townships borrowing capacity. The repayment schedule for the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 44,996.60	\$ 16,845.00
2019	44,996.60	15,845.00
2020	44,996.60	14,845.00
2021	44,996.60	13,845.00
2022	49,996.60	12,845.00
2023-2027	259,983.00	45,225.00
2027-2031	229,986.60	16,085.00
	<u>\$ 719,952.60</u>	<u>\$ 135,535.00</u>

**Summary of Debt**

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

<b>Issued</b>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
General:			
Bonds, Leases and Notes	\$ 27,352,000.00	\$ 31,416,000.00	\$ 35,361,000.00
Infrastructure Loan	719,952.60	764,949.20	804,945.80
Total Issued	28,071,952.60	32,180,949.20	36,165,945.80
<b>Authorized and Not Issued</b>			
General:			
Bonds and Notes	17,358,400.00	17,291,250.00	15,227,450.00
Total Issued and Authorized and Not Issued	45,430,352.60	49,472,199.20	51,393,395.80
<b>Deductions</b>			
Funds Held to Pay Bonds and Notes	-	-	-
Net Debt	<u>\$ 45,430,352.60</u>	<u>\$ 49,472,199.20</u>	<u>\$ 51,393,395.80</u>

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

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

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.554%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 22,185,000.00	\$ 22,185,000.00	
General	45,430,352.60		\$ 45,430,352.60
	<u>\$ 67,615,352.60</u>	<u>\$ 22,185,000.00</u>	<u>\$ 45,430,352.60</u>

Net Debt \$45,430,352.60 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,778,912,540.33 equals 2.554%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 62,261,938.91
Net Debt	<u>45,430,352.60</u>
Remaining Borrowing Power	<u>\$ 16,831,586.31</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**Note 14: SCHOOL TAXES**

Local District School Tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	<b>Balance Dec. 31,</b>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 16,158,962.00	\$ 15,864,460.00
Deferred	<u>16,158,962.00</u>	<u>15,864,460.00</u>
Total	<u>\$ -</u>	<u>\$ -</u>

**Note 15: RISK MANAGEMENT**

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

**New Jersey Unemployment Compensation Insurance** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2017	\$ 125,113.59	\$ 26,200.01	\$ 113.48	\$ 110,113.59	\$ 101,313.49
2016	34,710.56	26,081.32	73.15	120,704.75	60,000.00
2015	108,766.19	24,554.27	59.58	93,766.19	119,839.72

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

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

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

The Fund publishes its own financial report, which can be obtained from:

Professional Municipal Management Joint Insurance Fund  
9 Campus Drive, Suite 16  
Parsippany, New Jersey, 07054

**Note 16: DEBT SERVICE AGREEMENT**

The Township entered into a debt service agreement with the Township of Willingboro Municipal Utilities Authority on June 15, 1990. This agreement obligates the Township to pay any shortfall the Authority may encounter in making payments for either operating expenses and/or debt service. The purpose of this agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The Authority is obligated, by the agreement, to repay to the Township when the Authority's operations permit. At December 31, 2017, the Authority had \$19,650,170.69 in outstanding debt covered by this agreement.

**Note 17: CONTINGENCIES**

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

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

**Note 18: CONCENTRATIONS**

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

**Note 19: TAX ABATEMENTS**

The Township enters into property tax abatement agreements with various local businesses, under several New Jersey Statutes that permit the Township to enter into these agreements. The tax abatements are considered long term tax exemptions and their types of abatements are for commercial/industrial use. For the year ended December 31, 2017, the Township abated \$1,142,597.86 in local purpose taxes and received in the aggregate of \$398,752.74 in lieu of local purpose taxes.

**Note 20: SUBSEQUENT EVENTS**

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

<u>Ordinance</u>	<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
2018-5	Various Capital Improvements	June 19, 2018	\$ 1,814,500.00

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**APPENDIX C**

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**FORM OF OPINION OF BOND COUNSEL**



\_\_\_\_\_, 2018

Township Council of the  
Township of Willingboro, in the  
County of Burlington, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Willingboro, in the County of Burlington, New Jersey (the "Township"), in connection with the issuance by the Township of the \$12,200,000\* General Improvement Bonds (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township duly adopted July 3, 2018 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,

\_\_\_\_\_  
\*Preliminary, subject to change.