

NOTICE OF SALE
\$14,800,000*
GENERAL IMPROVEMENT BONDS, SERIES 2020
OF THE BOROUGH OF HADDONFIELD, IN THE
COUNTY OF CAMDEN, NEW JERSEY
(Book-Entry-Only Bonds)/(Callable)

SUMMARY

ISSUER: Borough of Haddonfield, in the County of Camden, New Jersey

PAR AMOUNT: \$14,800,000*

SECURITY: General Obligations of the Borough

TAX EXEMPT: Yes

RATING: Moody's Investors Service rating to be assigned.

TYPE OF SALE: Electronic Open Auction with Two Minute Rule (See Bidding Details Item (7) herein)

AGENT: MuniAuction. See "Bidding Details" herein.

SALE DATE & BID TIME: February 6, 2020 at 11:00 AM to 11:15 AM with Two Minute Rule applicable. Award by 2:00 PM

DATED DATE: Date of Delivery

DELIVERY DATE: February 19, 2020

INTEREST PAYMENT DATES: February 15 and August 15, commencing August 15, 2020

CALL DATE: February 15, 2027 @ par for Bonds maturing on or after February 15, 2028.

MINIMUM BID: \$14,800,000 (Par)

MAXIMUM BID: \$15,540,000 (Par plus 5% original issue premium)

BID SECURITY: **Good Faith Check or wire transfer in the amount of \$296,000 received by Borough (prior to bidding)**

BASIS OF AWARD: True Interest Cost

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

OFFERING STATEMENT: Preliminary Official Statement available at www.GrantStreet.com

*Preliminary, subject to change

NOTICE

NOTICE IS HEREBY GIVEN that bids will be received by the Borough of Haddonfield, in the County of Camden, New Jersey (the "Borough"), for the purchase of \$14,800,000* original principal amount of the Borough's General Improvement Bonds, Series 2020 (the "Bonds"). **All Bids (as defined below) must be submitted in their entirety on Grant Street Group's MuniAuction website ("MuniAuction") prior to 11:15 a.m., New Jersey time on February 6, 2020, unless otherwise extended by the two-minute rule described herein (see "Bidding Details").** The auction will begin at 11:00 a.m., New Jersey time on February 6, 2020 (the "Bid Date"). To bid via MuniAuction, Bidders (as defined below) must have both (1) completed the registration form on either MuniAuction or Grant Street Group website (parent of MuniAuction, herein referred to as "Grant Street") and (2) requested and received admission to the Borough's auction, as described herein (see "Registration and Admission to Bid") and (3) submitted a good faith check or good faith wire, payable to the Borough, in the amount of \$296,000 prior to the Bid Date (see Bidding Details below). The use of MuniAuction shall be at the Bidder's risk and expense, and the Borough shall have no liability with respect thereto.

Preliminary and Final Official Statement

The Borough's Preliminary Official Statement (the "POS"), dated on or about January 29, 2020, is available for viewing in electronic format on MuniAuction. The website is located at www.GrantStreet.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 Sale Date, elect to receive a photocopy of the POS in the mail by requesting it by calling the Borough's bond counsel, Mathew D. Jessup, of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), 75 Livingston Avenue, Roseland, New Jersey 07068 (telephone no. 973-622-4850) or Elizabeth Manuel, Paralegal (telephone no. 973-622-5280). 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 Borough to be final as of its date for purposes of SEC Rule 15c2-12(b)(1) under the Securities 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 Borough 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.

*Preliminary, subject to change

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 \$14,800,000*. 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 Borough, the Bidder will be required to purchase the entire issue in accordance with such Bid.

Interest Payment Dates; Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest from such date payable semiannually on each February 15 and August 15, commencing on August 15, 2020. Interest shall be computed on the basis of a 30-day month/360-day year.

Principal Amortization

The Bonds shall mature on February 15 as set forth in the following table:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2021	\$500,000	2031	\$750,000
2022	\$500,000	2032	\$800,000
2023	\$550,000	2033	\$800,000
2024	\$550,000	2034	\$850,000
2025	\$600,000	2035	\$850,000
2026	\$600,000	2036	\$900,000
2027	\$650,000	2037	\$900,000
2028	\$650,000	2038	\$950,000
2029	\$700,000	2039	\$1,000,000
2030	\$700,000	2040	\$1,000,000

The Borough may and expects to, after the receipt and opening of bids, adjust the maturity schedule of the Bonds; provided, however, that (i) 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 \$14,800,000*. The dollar amount bid by the winning 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 Borough, as stated herein.

*Preliminary, subject to change

Book-Entry-Only

The Bonds will be issued in book-entry-only form, initially in the name of Cede & Co., as nominee for DTC. Purchasers will not receive certificates representing their interests in the Bonds. Individual purchases will be in the principal amount of \$5,000. 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.

Redemption Provisions

The Bonds maturing prior to February 15, 2028, are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2028 are redeemable at the option of the Borough in whole or in part on any date on or after February 15, 2027 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 Borough 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 Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough; 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 for DTC, is the registered owner of the Bonds, the Borough 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 redeemed 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.

Registration and Admission to Bid

To bid by MuniAuction, Bidders must first visit MuniAuction where, if they have never registered with either MuniAuction or Grant Street, they can register and then request admission to bid on the Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers or dealer banks with DTC clearing arrangements will be eligible to bid. Bidders who have previously registered with MuniAuction may call MuniAuction at (412) 391-5555 (ext. 370 Auction Support) for their ID Number or password. Rules governing the sale and the rules applicable to MuniAuction are available in the full Notice of Sale at www.GrantStreet.com.

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 OR WIRE TRANSFER IN THE AMOUNT OF \$296,000 PAYABLE TO THE BOROUGH NO LATER THAN 10:45 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 BOROUGH AT THE FOLLOWING ADDRESS:**

**David Miller, Treasurer
Borough of Haddonfield
242 Kings Highway East
Haddonfield, NJ 08033**

BIDDERS SUBMITTING GOOD FAITH CHECKS SHOULD ALSO ENCLOSE A RETURN ENVELOPE FOR USE BY THE BOROUGH. BIDDERS SUBMITTING A WIRE SHOULD CONTACT BOND COUNSEL AT 973-622-5280 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 TREASURER IN WRITING WITH WIRING INSTRUCTIONS FOR THE RETURN OF SUCH UNSUCCESSFUL BIDDER'S GOOD FAITH DEPOSIT. IN THE EVENT THAT THE BOROUGH FAILS TO RETURN ANY GOOD FAITH WIRES IN A TIMELY FASHION, THE BOROUGH SHALL NOT BE LIABLE FOR MONETARY DAMAGES, REMEDY BEING HEREBY SPECIFICALLY LIMITED TO SPECIFIC PERFORMANCE.

- (2) All Bids must be submitted on the MuniAuction website at www.GrantStreet.com. **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 Borough with a bid premium in an amount not in excess of five percent (5%) of the par amount of the Bonds, representing a bid price of not in excess of \$15,540,000. No Bid will be considered if the Bid is to purchase Bonds at a price less than 100% of the principal amount thereof. The Borough 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 two percent (2%) 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 Borough 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.
- (7) If any Bid on the auction becomes a leading Bid two (2) minutes, or less, prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such Bid was received by MuniAuction. The auction end time will continue to be extended, indefinitely, until a single leading Bid remains the leading Bid for at least two (2) minutes.
- (8) Bidders may change and submit Bids as many times as they wish during the bidding time period; however, each and any Bid submitted subsequent to a Bidder's initial Bid must result in a lower True Interest Cost (as defined herein and referred to as "TIC") when compared to the immediately preceding Bid of such Bidder. In the event the revised Bid does not produce a lower NIC, the prior Bid will remain valid.
- (9) The last Bid submitted by a Bidder before the end of the bidding time period will be compared to all other final Bids submitted by others to determine the winning Bidder or Bidders.
- (10) During the bidding, no Bidder will see any other Bidder's Bid, but Bidders will be able to see the ranking of their Bid relative to other Bids (i.e., "Leader", "Cover", "3rd", etc.).

Rules of MuniAuction

The rules of MuniAuction (the "Rules") can be viewed on MuniAuction and are incorporated herein by reference. Bidders must comply with the Rules in addition to the requirements of the Notice of Sale for the Borough's Bonds dated the date hereof (the "Notice of Sale"). To the extent there is a conflict between the Rules and the Notice of Sale, the Notice of Sale shall control.

Rules

- (1) A Bidder submitting a Winning Bid is irrevocably obligated to purchase the Bonds at the rates and prices of the Winning Bid, if acceptable to the Borough, as set forth in the related Notice of Sale. **Winning Bids are not officially awarded to the Bidder until formally accepted by the Borough.**
- (2) Neither the Borough, Bond Counsel nor MuniAuction (the "Auction Administrator") is responsible for technical difficulties that result in loss of Bidder's internet

connection with MuniAuction, slowness in transmission of Bids, or other technical problems.

- (3) If for any reason a Bidder is disconnected from MuniAuction's Auction Page during the auction after having submitted a Winning Bid, such Bid is valid and binding upon the Bidder, unless the Borough exercises its right to reject Bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and the Bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Notice of Sale (including amendments, if any) related to each auction.
- (6) Neither the Borough, Bond Counsel nor the Auction Administrator is responsible to any Bidder for any defect or inaccuracy in the Notice of Sale, amendments, or POS as they appear on MuniAuction.
- (7) Only Bidders who request and received admission to an auction and who have submitted a Good Faith Deposit (as defined herein) as required by the terms of this Notice of Sale may submit Bids. Bond Counsel and the Auction Administrator reserve the right to deny access to MuniAuction to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the Borough, Bond Counsel nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's MuniAuction password.
- (9) If two (2) Bids are submitted in the auction by the same or two or more different Bidders and result in same TIC, the first confirmed Bid received by MuniAuction prevails. Any change to a submitted Bid constitutes a new Bid, regardless of whether there is a corresponding change in TIC.
- (10) Bidders must compare their final Bids to those shown on the Observation Pages immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Pages they must report them to MuniAuction within fifteen (15) minutes after the bidding time period ends. Regardless of the final results reported by MuniAuction, bonds are definitively awarded to winning Bidders only upon official award by the Borough. If, for any reason, the Borough fails to: (i) award bonds to the winning Bidder reported by MuniAuction, or (ii) deliver bonds to the winning Bidders at settlement, neither Bond Counsel nor the Auction Administrator will be liable for damages.

Definitions

- "Bid" any confirmed purchase offer received by MuniAuction on or before the auction deadline.
- "Bidder" any firm registered with either MuniAuction or Grant Street and approved for participation in auctions.

"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 by clicking the "Submit Bid" button and received by MuniAuction which, at the end of the bidding time period, results in the lowest TIC which is acceptable to the Borough.

Bid Procedure and Basis of Award

Subject to the right reserved by the Borough to reject any or all Bids, the Bonds will be sold to the Bidder whose Bid produces the lowest TIC for the Borough 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 Borough, prior to such time, shall be irrevocable except as otherwise provided in the Notice of Sale. Upon selection of the winning Bidder, the Borough 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 Borough's Bond Counsel) in the amount of \$296,000, payable to the order of the Borough, 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 Borough prior to 10:45 a.m. on the Sale Date for bids to be submitted. If a wire transfer is used, such wire must be received by the Borough prior to 10:45 a.m. on the Sale Date. Each bidder accepts responsibility for delivering such check or wire on time and the Borough is not responsible for any check or wire that is not received on time.

Right to Reject Bids; Waive Irregularities

The Borough 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 Borough, 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 Final 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 Borough 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 Bid 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 Borough, in writing, the Expected Offering Prices as of the Bid Date.

In the event the Borough 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 Bid 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 Borough, in writing, evidence satisfactory to Bond Counsel to the Borough 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 Borough, 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 Borough, in writing, evidence satisfactory to Bond Counsel to the Borough 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 Bid 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 Bid 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 Bid Date and ending on the earlier of: (1) the close of the fifth (5th) business day after the Bid 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% 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 third-party 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 Borough relating to the Final Official Statement.

CUSIP Numbers

CUSIP numbers will be applied for with respect to the Bonds, but the Borough 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 Borough, will be furnished without cost to the winning Bidder.

Postponement

The Borough 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 MuniAuction 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 MuniAuction 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 Borough. The Notice of Sale and the POS may be viewed on MuniAuction. However, the Borough makes no assurance or representation with respect to the form of the Notice of Sale and the POS on MuniAuction, 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 Bond Counsel at the address and phone number stated above. Additional information relating to the auction or a private bidding tutorial may be obtained by calling the Auction Administrator at (412) 391-5555 (ext. 370 Auction Support). Additional information relating to the financing of the Borough can be obtained by contacting the undersigned Treasurer at (609) 429-4700 (Ext. 204) or e-mail at dmiller@haddonfield-nj.gov.

BOROUGH OF HADDONFIELD

By: David Miller, Treasurer

Dated: January 29, 2020

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 29, 2020

NEW ISSUE

**Ratings: Moody's: "Aa1" (Bonds)/ "MIG 1" (Note)
(See "RATINGS" herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Obligations (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 Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Obligations 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.

**BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

**\$14,800,000* GENERAL IMPROVEMENT BONDS,
SERIES 2020
(Book-Entry-Only) (Callable)**

**\$6,000,000 BOND ANTICIPATION NOTE, SERIES 2020
(Book-Entry-Only) (Non-Callable)**

**Dated: Date of Delivery
Due: February 15, as shown on the inside front
cover**

**Dated: Date of Delivery
Due: February 19, 2021**

The \$14,800,000 General Improvement Bonds, Series 2020 (the "Bonds"), of the Borough of Haddonfield, in the County of Camden, New Jersey (the "Borough"), are being issued pursuant to the to the Local Bond Law as described herein and the various bond ordinances described herein. Proceeds of the Bonds will be used to: (i) currently refund \$11,274,000 of the Borough's \$20,774,000 Bond Anticipation Note, dated and issued on June 20, 2019 and maturing on February 20, 2020 (the "2019 Note"), together with a \$3,500,000 principal reduction payment from grant monies received and \$6,000,000 from the sale and issuance of the hereinafter defined Note; (ii) provide \$3,526,000 in new money to finance various capital improvements; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or earlier redemption, commencing on August 15, 2020. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Borough or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (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 OBLIGATIONS - Redemption" herein.

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 of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

The Bonds are valid and legally binding obligations of the Borough and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The \$6,000,000 Bond Anticipation Note, Series 2020 (the "Note" and, together with the Bonds, the "Obligations"), is being issued pursuant to a bond ordinance described herein. Proceeds of the Note will be used to: (i) currently refund \$6,000,000 of the 2019 Note, together with a \$3,500,000 principal reduction payment from grant monies received and \$11,274,000 from the sale and issuance of the Bonds; and (ii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Note.

The Note will be issued in the form of one certificate and when issued will be registered in the name of DTC, which will act as securities depository. Interest on the Note will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "THE OBLIGATIONS - Book-Entry-Only System" herein.

The Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Borough without limitation as to rate or amount.

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

The Obligations are offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Delivery is anticipated to be via DTC in New York, New York, on or about February 19, 2020.

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA
MUNIAUCTION AT WWW.GRANTSTREET.COM FROM 11:00 A.M. TO 11:15 A.M.
ON FEBRUARY 6, 2020. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT THE ADDRESS LISTED ABOVE.**

**BIDS FOR THE NOTE, IN ACCORDANCE WITH THE NOTICE OF SALE, WILL BE
RECEIVED BY THE BOROUGH UNTIL 11:30 A.M. ON FEBRUARY 6, 2020.**

* Preliminary, subject to change.

This is a Preliminary Official Statement, complete with the exception of the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Borough has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Obligations described herein, the Borough 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 that request payment for the Obligations.

**BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

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

**\$14,800,000* GENERAL IMPROVEMENT BONDS, SERIES 2020
(Book-Entry-Only) (Callable)**

<u>Year</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Number**</u>
2021	\$500,000			
2022	\$500,000			
2023	\$550,000			
2024	\$550,000			
2025	\$600,000			
2026	\$600,000			
2027	\$650,000			
2028	\$650,000			
2029	\$700,000			
2030	\$700,000			
2031	\$750,000			
2032	\$800,000			
2033	\$800,000			
2034	\$850,000			
2035	\$850,000			
2036	\$900,000			
2037	\$900,000			
2038	\$950,000			
2039	\$1,000,000			
2040	\$1,000,000			

\$6,000,000 BOND ANTICIPATION NOTE, SERIES 2020

INTEREST RATE: _____%

YIELD: ____%

CUSIP:**

* 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 Borough does not make any representation 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 specific maturity is subject to being changed after the issuance of the Bonds as a result of 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.

**BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

ELECTED OFFICIALS

Neal Rochford, Mayor
Jeffrey Stephen Kasko, Commissioner
Colleen Bianco Bezich, Commissioner

ADMINISTRATOR

Sharon McCullough

TREASURER

David Miller

CLERK

Deanna Bennett

BOROUGH ATTORNEY

Mario A. Iavicoli, Esq.
Haddonfield, New Jersey

AUDITOR

Bowman & Company LLP
Voorhees, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough 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 Borough from time to time (collectively, the "SEC"), 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 Borough.

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

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 the affairs of the Borough since the date hereof or any earlier date as of which any information contained herein is given. 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.

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

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.

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**OFFICIAL STATEMENT
OF
BOROUGH OF HADDONFIELD,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

\$14,800,000* GENERAL IMPROVEMENT BONDS, SERIES 2020

And

\$6,000,000 BOND ANTICIPATION NOTE, SERIES 2020

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Haddonfield (the “Borough”), in the County of Camden (the “County”), New Jersey (the “State”), in connection with the sale and the issuance of \$14,800,000 General Improvement Bonds, Series 2020 (the “Bonds”) and a \$6,000,000 Bond Anticipation Note, Series 2020 (the “Note” and, together with the Bonds, the “Obligations”). This Official Statement has been executed by and on behalf of the Borough by its Treasurer and may be distributed in connection with the sale of the Obligations described herein.

This Official Statement contains specific information relating to the Obligations including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Borough from its records, except for information expressly attributed to other sources.

DESCRIPTION OF THE OBLIGATIONS

General Description

The Bonds will be dated their date of delivery, will mature on February 15 in the years and in the amounts set forth on the inside front cover page hereof, and will bear the interest from their dated date. Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or earlier redemption, commencing on August 15, 2020 at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Borough or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of \$5,000 through book-entries made on the books and records of The Depository Trust Company, New York, New York (“DTC”) and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to Cede & Co. (or any successor or assign), as nominee for DTC.

The Note is dated, will mature on the date and in the amount and will bear interest payable at the interest rate as set forth on the inside cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Note will be issued in the form of one certificate for the aggregate principal amount of the Note and when issued may be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository. The Note is issuable as a fully registered book-entry note. Interest on the Note will be credited to

the participants of DTC as listed on the records of DTC as of one business day prior to maturity. See “Book-Entry Only System” herein.

Book-Entry-Only System¹

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

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

¹ Source: The Depository Trust Company

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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SUBSECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE BOROUGH MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE BOROUGH WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BOND OR NOTE HOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE OBLIGATIONS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE OBLIGATIONS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

Discontinuation of Book-Entry-Only System

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Obligations at any time, the Borough will attempt to locate another qualified securities depository. If the Borough fails to find such a securities depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry-only system.

Redemption

The Bonds

The Bonds maturing prior to February 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2028 are redeemable at the option of the Borough in whole or in part on any date on or after February 15, 2027 upon notice as required herein at par, plus in each case unpaid accrued interest to the 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 Borough 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 Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough. 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 Borough 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 unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

The Note

The Note is not subject to redemption prior to its stated maturity.

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

The Bonds

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law, *N.J.S.A. 40A:2-1 et seq.* (the “Local Bond Law”) and the bond ordinances adopted by the Borough Board of Commissioners referred to in the chart below and by a resolution duly adopted by the Borough Board of Commissioners on January 14, 2020 (the “Resolution”).

Proceeds from the sale and issuance of the Bonds will be used by the Borough to: (i) currently refund \$11,274,000 of the Borough's \$20,774,000 Bond Anticipation Note, dated and issued on June 20, 2019 and maturing on February 19, 2020 (the "2019 Bond Anticipation Note"), together with a \$1,500,000 principal reduction payment from grant monies received, proceeds from the sale and issuance of a \$2,000,000 Bond Anticipation Note, dated and issued February 19, 2020 and maturing February 19, 2021 (the "2020 Bond Anticipation Note") to be issued and purchased by the Borough as an investment and \$6,000,000 from the sale and issuance of the Note as described below; (ii) provide \$3,526,000 in new money to finance various capital improvements; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Refunding Amount	New Money Amount	Aggregate Amount of Bonds to be Issued
2007-01	Acquisition of property, finally adopted January 23, 2007.	\$223,044	\$0	\$223,044
2012-04	Various capital improvements, finally adopted March 27, 2012.	\$1,165,846	\$0	\$1,165,846
2013-03	Various capital improvements, finally adopted March 12, 2013.	\$855,045	\$0	\$855,045
2013-09	Acquisition of police software and hardware, finally adopted December 10, 2013.	\$10,110	\$0	\$10,110
2014-06	Various capital improvements, finally adopted April 22, 2014.	\$865,951	\$0	\$865,951
2014-10	Acquisition of property, finally adopted June 10, 2014.	\$1,663,340.50	\$0	\$1,663,340.50
2014-15, and supplemented 2015-01	Improvements to the Library, finally adopted September 9, 2014, as supplemented March 10, 2015.	\$1,722,999.50	\$0	\$1,722,999.50
2015-05	Various capital improvements, finally adopted April 28, 2015.	\$646,000	\$0	\$646,000
2016-07	Various capital improvements, finally adopted April 26, 2016.	\$218,500	\$0	\$218,500
2016-08	Acquisition of the Bancroft Site, finally adopted May 24, 2016.	\$3,903,164	\$0	\$3,903,164
2017-03	Various capital improvements, finally adopted March 28, 2017.	\$0	\$775,200	\$775,200
2018-05	Reconstruction of Centennial Field and improvements to other various parks and recreational facilities, finally adopted March 13, 2018.	\$0	\$380,000	\$380,000
2018-09	Various capital improvements, finally adopted June 12, 2018.	\$0	\$1,038,919	\$1,038,919
2019-01	Miscellaneous drainage improvements, finally adopted February 26, 2019.	\$0	\$570,000	\$570,000
2019-10	Various capital improvements, finally adopted May 14, 2019.	\$0	\$761,881	\$761,881
	Total:	\$11,274,000	\$3,526,000	\$14,800,000

The Note

The Note is issued pursuant to a bond ordinance of the Borough set forth below. Proceeds from the sale and issuance of the Note will be used by the Borough to: (i) currently refund \$6,000,000 of the 2019 Bond Anticipation Note, together with a \$1,500,000 principal reduction payment from grant monies received, proceeds from the sale and issuance of the 2020 Bond Anticipation Note and \$11,274,000 from the sale and issuance of the Bonds; and (ii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Note.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Refunding Amount	New Money Amount	Amount of Note to be Issued
2016-08	Acquisition of the Bancroft Site, finally adopted May 24, 2016.	\$6,000,000	\$0	\$6,000,000
	Total:	\$6,000,000	\$0	\$6,000,000

SECURITY AND SOURCE OF PAYMENT

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

The Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Borough without limitation as to rate or amount.

**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 subject to a number of exceptions. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough 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 Borough, as annually determined by the State Director of Taxation is \$2,335,761,854.67.

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 Borough has not exceeded its statutory debt limit. As of December 31, 2019, the statutory net debt as a percentage of average equalized valuation was 1.213%. As noted above, the statutory limit is 3½%.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough 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 Borough 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.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

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 or her 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 municipality'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, payment of compensated absences and drainage map preparation for flood control purposes, 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 (3) months of the year, to the previous year's 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 "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

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" if the index rate is greater than 2.5%. 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 years' 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 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% 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 Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes.

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 which the local unit may contemplate over the next 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 results 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.

Upon the filing of certified adopted budgets by the Borough’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, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the Borough’s Tax Collector. 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 \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State 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 Borough 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 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 Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 for the Borough is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Obligations 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 Obligations in order to assure that interest on the Obligations will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Obligations to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Obligations. The Borough will make certain representations in its Arbitrage and Tax Certificates, which will be executed on the date of issuance of the Obligations, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Obligations and has covenanted not to take any action or fail to take any action that would cause interest on the Obligations to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificates and will assume continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Obligations from gross income for federal income tax purposes and with respect to the treatment of interest on the Obligations for the purposes of alternative minimum tax.

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Obligations 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 Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

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 Obligations 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 Obligations ends with the issuance of the Obligations, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Obligations 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 Obligations, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Obligations 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 Obligations 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 Obligations.

Payments of interest on tax-exempt obligations, including the Obligations, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Obligations 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 Obligations may be sold at an initial offering price in excess of the amount payable at the maturity date (the “Premium Bonds” or “Premium Note”). The excess, if any, of the tax basis of the Premium Bonds or Premium Note to a purchaser (other than a purchaser who holds such Premium Bonds or Premium Note 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 or Premium Note 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 or Premium Note. Accordingly, an owner of a Premium Bond or Premium Note may have taxable gain from the disposition of the Premium Bond or Premium Note, even though the Premium Bond or Premium Note is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond or Premium Note. Bond premium amortizes over the term of the Premium Bonds or Premium Note under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds or Premium Note 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 or Premium Note.

Bank Qualification

The Obligations will not be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues,

which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Obligations

Prospective purchasers of the Obligations should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Obligations, 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 Obligations from gross income pursuant to Section 103 of the Code and interest on the Obligations not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Obligations should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Obligations.

Changes in Federal Tax Law Regarding the Obligations

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 Obligations. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Obligations will not have an adverse effect on the tax status of interest on the Obligations or the market value or marketability of the Obligations. 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 Obligations 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 Obligations 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 OBLIGATIONS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE OBLIGATIONS, 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 OBLIGATIONS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

LITIGATION

To the knowledge of the Borough Attorney, Mario A. Iavicoli, Esq., Haddonfield, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

SECONDARY MARKET DISCLOSURE

The Bonds

The Borough, 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 Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough shall provide:

(a) On or prior to September 30 of each year, beginning September 30, 2021, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Borough 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 Borough and certain financial information and operating data consisting of (i) the Borough and overlapping indebtedness including a schedule of outstanding debt issued by the Borough, (ii) the Borough's property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(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 (the "Material Events"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bonds holders, 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 Borough;
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Borough, if material, or agreement to covenants events and default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification or terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

The term “Financial Obligation” as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guaranteed of (i) or (ii); provided, however, that the term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(c) In a timely manner to the EMMA, notice of failure of the Borough to provide required annual financial information on or before the date specified in the Resolution. In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough 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 Note

The Borough has covenanted for the benefit of the Noteholders and the beneficial owners of the Note to provide certain secondary market disclosure information pursuant to the Rule. Specifically, for so long as the Note remains outstanding (unless the Note has been wholly defeased), the Borough will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any Material Events with respect to the Note.

The Obligations

The undertakings may be amended by the Borough from time to time, without the consent of the holders of the Obligations or the beneficial owners of the Obligations, 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.

In the past five years, the Borough failed to timely file audited financial statements and operating data for the fiscal year ended December 31, 2018. Such financial statements and operating data have since been filed with EMMA. The Borough also failed to timely file a material event notice of a rating upgrade from Aa2 to Aa1 by Moody’s Investors Service, Inc. on June 19, 2018. The Borough filed notices of failure to timely file with EMMA and, as of the date hereof, is in compliance with its prior undertakings. The Borough implemented practices and procedures to insure that all required filings are made on a timely basis.

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

MUNICIPAL BANKRUPTCY

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 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 creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, 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 such 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.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Obligations are subject to the approval of Bond Counsel to the Borough, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth in Appendix "C" attached hereto. Certain legal matters will be passed on for the Borough by its Borough Attorney.

UNDERWRITING

The Bonds

The Bonds have been purchased from the Borough at a public sale by _____ (the "Bond Underwriter") at a price of \$_____ (consisting of the par amount of the Bonds plus an original issue premium of \$_____). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover page of this Official Statement.

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

The Note

The Note has been purchased from the Borough at a public sale by _____ (the "Note Underwriter" and, together with the Bond Underwriter, the "Underwriters") at a price of \$_____ (consisting of the par amount of the Note plus an original issue premium of \$_____).

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

RATINGS

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa1" to the Bonds and a short-term rating of "MIG 1" to the Note.

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

PREPARATION OF OFFICIAL STATEMENT

The Borough 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 Borough, that to his 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, Voorhees, New Jersey, has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Borough's audited financial statements. 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 Borough considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

McManimon, Scotland & Baumann, LLC has not 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 David Miller, Treasurer, at 242 Kings Highway East, Haddonfield, New Jersey 08033, telephone (856) 429-4700 (Ext. 204) or by e-mail at dmiller@haddonfield-nj.gov.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Borough, the Underwriter and the holders of any of the Obligations. 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 Obligations made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Borough since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**BOROUGH OF HADDONFIELD, IN THE
COUNTY OF CAMDEN, NEW JERSEY**

By: _____
David Miller, Treasurer

Dated: February __, 2020

APPENDIX A
CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
ABOUT THE BOROUGH OF HADDONFIELD

GENERAL INFORMATION ABOUT THE BOROUGH

Overview

On October 23, 1662, Francis Collins took a tract of 400 acres becoming the first settler within the boundaries of what is today Haddonfield. An English Quaker and a bricklayer by trade, Collins soon built his house, "Mountwell." Other settlers would soon follow. John Haddon was a wealthy businessman from London, and a Quaker. He purchased land in West New Jersey in 1668. In June of 1701 he sent his twenty year-old daughter, Elizabeth, to lay claim to his new land. Elizabeth Haddon named this land "Haddonfield" in honor of her father. In 1702 she married John Estaugh a Quaker missionary. In 1713 they built a beautiful brick mansion on what is now Wood Lane. This date of 1713 is celebrated as the founding date of Haddonfield. Located in Camden County, approximately nine miles southeasterly of Center City Philadelphia, Pennsylvania, the Borough is bordered by Cherry Hill Township, Haddon Township and the Borough of Haddon Heights, Barrington and Tavistock.

Form of Government

Haddonfield was incorporated as a Borough in 1875 and operates under a Commission form of government. The voters elect three Commissioners every four years for concurrent terms. At the reorganization meeting after each election, the three who received the most votes select one from among them to serve as Mayor. The Mayor is the chief executive officer of the Borough.

Responsibilities for various departments are divided among the Commissioner as follows: Revenue and Finance, Public Safety, and Public Works and Property. The Board of Commissioners is responsible for, among other things, adopting ordinances, adopting the budget and appointing officials including the Borough Administrator. While the Commissioners set policy, the Borough Administrator is charged with the responsibility of carrying out the policies and for overseeing the day-to-day operations.

Planning and Development

On an annual basis, the Borough prepares and adopts a six year capital budget which includes capital equipment and infrastructure improvements for the Borough.

Public Services

The Borough maintains a twenty-one person police force consisting of a Chief, two Lieutenants, five Sergeants, five Corporals, and eight Police Officers, headquartered at the Borough Hall. Fire protection is provided by a volunteer fire company. First Aid service is also provided by the Borough through paid staff and in conjunction with a volunteer ambulance association.

In 2015 the Borough sold the water and sewer utility to New Jersey American Water. Residents are billed based upon their water usage. Sewerage treatment service is provided by the Camden County Municipal Utilities Authority and billed to individual users on a quarterly basis.

Telephone service is provided by all the major telephone companies. Television cable service and internet access is provided by Comcast. DSL broadband internet service is also available from Verizon.

Transportation

The Borough is served by PATCO, the high speed line of the Delaware River Port Authority and by New Jersey Transit buses. There is also ready access to the New Jersey Turnpike and Interstate 295.

Library

The purpose of the Haddonfield Public Library is to serve the people of Haddonfield by providing ready access to information and ideas. Building on a tradition begun in 1803, the Library is a center for lifelong learning, welcoming patrons of all ages, backgrounds and interests. The Library's collections and services respond to the informational, educational and cultural needs of the community. Currently, the Library maintains 65,781 volumes of book in the general, children's and special collection area. The Library also provides online resources, periodicals, large print books, video cassettes and DVD's, a local/New Jersey history collection and business and investment information in addition to sponsoring classes and lectures throughout the year.

Business District

The Partnership for Haddonfield, the organization designated to operate Haddonfield's Business Improvement District, started in 2004 following the adoption of the authorizing ordinance. The Partnership's activities are funded by a separate property tax levy on all business properties. Their budget is \$250,000 from the lax levy plus another \$100,000 from proceeds from their always successful annual Craft Fair, publications and appropriated surplus. Significant operations are business recruitment and retention, marketing of the Haddonfield business district, and support of all businesses. The Business Improvement District continues to experience a 95% occupancy rate with a mix of retail, personal service, and restaurants. The Partnership sponsors many events throughout the year including Small Business Weekend, Girls Night Out, Candlelight Shopping and Haddonfield Night Market as well as co hosting events with town nonprofits such as Rotary, Indian King Tavern Museum, HOST, and the Farmers Market. The Borough works very closely with the Partnership to ensure its success.

Borough Employees

	<u>2019</u>	<u>2018</u>	<u>December 31, 2017</u>	<u>2016</u>	<u>2015</u>
Permanent Full-time	61	61	54	55	53
Part-time and Temporary/Seasonal	<u>59</u>	<u>59</u>	<u>60</u>	<u>50</u>	<u>52</u>
	<u>120</u>	<u>120</u>	<u>114</u>	<u>105</u>	<u>105</u>

Employee Collective Bargaining Units

There are two Collective Bargaining Units. The current contract for the Police Benevolent Association (PBA) expires March 31, 2022. The contract with the Teamsters for the Public Works employees (not including supervisors) expires March 31, 2023.

Building Permits(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2019	1010	\$30,789,409
2018	889	\$33,875,211
2017	981	\$37,456,370
2016	1022	\$30,752,581
2015	915	\$30,177,561

Compensated Absences

Full-time employees are entitled to twelve sick days a year which may accumulate to ninety days. However, there is no payment of sick days upon retirement and no liability for compensated absences as of December 31, 2019. Vacation days not used during the year may be accumulated and carried forward to February 28 of the subsequent year. Therefore, since no accumulation of vacation leave is permitted, no liability for compensated absences exists at December 31, 2019.

Retirement Systems

The Borough contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System and the Police and Fireman's Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, death and disability and medical benefits to qualified members.

Pension Costs

The Borough's contributions/obligations to the Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS) for the preceding three years were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2018	\$369,264.00	\$515,267.00
2017	\$341,948.91	\$477,257.69
2016	\$407,486.00	\$431,669.00

(1) Source: Borough's Construction Office

Population (1)

The following table outlines the population of the Borough, the County and the State.

<u>Year</u>	<u>Borough</u>	<u>County</u>	<u>State</u>
2010 Federal Census	11,593	513,657	8,791,894
2000 Federal Census	11,659	508,932	8,414,350
1990 Federal Census	11,628	502,824	7,730,188
1980 Federal Census	12,337	471,650	7,365,011
1970 Federal Census	13,179	456,291	7,171,112

Selected Census 2017 Data for the Borough (1)

Median household income	\$138,920
Median family income	\$174,375
Per capita income	\$70,167

Labor Force(2)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Borough					
Labor Force	5,598	5,651	5,626	5,612	5,536
Employment	5,458	5,504	5,470	5,405	5,317
Unemployment	140	147	156	207	219
Unemployment Rate	2.5%	2.6%	2.8%	3.7%	4.0%
County					
Labor Force	249,945	253,217	252,713	252,576	251,710
Employment	238,357	240,342	238,823	236,249	232,309
Unemployment	11,588	12,875	13,890	16,327	19,401
Unemployment Rate	4.6%	5.1%	5.5%	6.5%	7.7%
State					
Labor Force	4,422,900	4,453,500	4,474,700	4,489,000	4,487,000
Employment	4,239,600	4,247,500	4,252,100	4,229,200	4,183,500
Unemployment	183,400	206,000	222,600	259,800	303,500
Unemployment Rate	4.1%	4.6%	5.0%	5.8%	6.8%

GENERAL INFORMATION REGARDING THE SCHOOL DISTRICT (3)

Overview

The public school system in the Borough is operated by the Haddonfield School District, a Type II school district, whose boundaries are coterminous with the Borough and in which the Board adopts proposals for, and, in general, the legally registered voters at a school election approve, the issuance of school debt and annual school budgets.

The School District operates three elementary schools with grade levels including kindergarten to fifth grade, one middle central school including sixth through eighth grades and one senior high school including grades nine through twelve.

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

(2) Source: New Jersey Department of Labor and Workforce Development

(3) Source: School District Officials

**BOROUGH OF HADDONFIELD SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)**

Grade	<u>2019</u>	<u>2018</u>	<u>October 15, 2017</u>	<u>2016</u>	<u>2015</u>
Pre-K (Half-Day)	39	38	39	37	42
K	136	146	145	137	129
1	181	163	190	164	187
2	168	184	172	179	144
3	191	164	189	144	176
4	162	185	143	184	178
5	190	141	189	185	171
6	146	192	183	177	184
7	189	183	176	192	189
8	179	174	187	188	185
9	184	196	178	174	171
10	199	172	175	175	161
11	173	175	179	165	177
12	177	184	165	177	166
Special Education	<u>396</u>	<u>431</u>	<u>400</u>	<u>411</u>	<u>401</u>
Totals	<u>2,710</u>	<u>2,728</u>	<u>2,710</u>	<u>2,689</u>	<u>2,661</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY (1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Date of Last Major Renovations/ Additions</u>	<u>Grade Level</u>	<u>Enrollment October 15, 2019</u>	<u>Capacity</u>
Memorial High School	1926	2018	9-12	870	1,145
Central Elementary School	1947	2018	PK-5	415	274
Haddonfield Middle School	1965	2018	6-8	624	560
Elizabeth Haddon School	1913	2018	PK-5	371	331
J. Fithian Tatem School	1923	2018	PK-5	428	315

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

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

(1) Source: School District Officials

Camden County College

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

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

Camden County Technical Schools

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

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

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

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2019 Valuation</u>
Haddonfield Partners LP	Offices, Apts, Retail	\$18,528,400
Streamwood Assoc/Haddonfield LLC	Apartments	13,250,100
Verizon	Telecommunications	8,565,787
Centennial Office, LLA	Law Offices	8,300,000
132 Warwick Rd, LLC	Nursing Home	8,250,000
Park Lane Properties	Apartments	5,896,000
Acme	Supermarket	4,069,800
Tommar LLC	Offices	3,750,000
35 Kings Highway East, LP	Offices	3,000,000
Haddon Medical, LLC	Offices	2,900,000

(1) Source: Borough Tax Collector

CERTAIN TAX COLLECTIONS (1)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018	\$ 70,208,196	\$ 69,455,527	98.93%	\$ 741,471	1.06%
2017	68,088,613	67,498,138	99.13%	578,294	0.85%
2016	66,146,920	65,292,132	98.71%	844,328	1.28%
2015	63,950,502	63,156,171	98.76%	745,150	1.17%
2014	62,486,709	61,717,503	98.77%	717,597	1.15%

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding January 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2018	\$ 591,565	\$ 1,000	\$ 592,565	100.00%			
2017	852,544	1,500	840,774	98.45%			\$ 13,270
2016	748,790	1,500	741,971	98.89%	\$ 102		8,216
2015	717,596	1,000	705,994	98.25%		\$ 8,962	3,639
2014	778,267	3,000	781,186	99.99%		81	

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Balance December 31</u>
2018	\$ 6,204	\$ 692		\$ 6,896
2017	5,528	676		6,204
2016	4,727	801		5,528
2015	4,187	540		4,727
2014	14,538	528	\$ 10,879	4,187

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Assessed Valuations</u>
2018	\$ 26,700
2017	26,700
2016	26,700
2015	26,700
2014	26,700

(1) Source: Borough 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.

CURRENT WATER AND SEWER COLLECTIONS(1)(2)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2018						
2017						
2016	\$ 57,712		\$ 55,839	96.75%		
2015	455,518	\$ 1,347,549	1,712,679	94.99%	\$ 57,712	4.28%
2014	291,307	3,326,747	3,144,759	86.92%	455,518	13.69%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (3)</u>						
			<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>County</u>	<u>County Open Space</u>	<u>Local School</u>	<u>Special District</u>
2019	\$ 2,286,574,762	\$ 3.100	\$ 0.490	\$ 0.005	\$ 0.034	\$ 0.814	\$ 0.020	\$ 1.737	Varies
2018	2,269,613,150	3.063	0.470	0.005	0.033	0.839	0.021	1.695	Varies
2017	2,253,650,000	2.990	0.460	0.005	0.033	0.830	0.021	1.641	Varies
2016	2,241,017,249	2.923	0.461	0.005	0.033	0.819	0.021	1.584	Varies
2015	2,227,611,298	2.842	0.454	0.005	0.032	0.782	0.020	1.549	Varies

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (4)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (5)</u>	<u>Population (5)</u>
2019	\$ 2,280,822,200	97.89%	\$ 2,329,984,881	\$ 205,375	11,345
2018	2,263,933,000	97.89%	2,312,731,638	203,855	11,345
2017	2,247,986,600	98.17%	2,289,891,617	201,575	11,360
2016	2,235,363,600	98.89%	2,260,454,647	198,634	11,380
2015	2,222,538,800	99.69%	2,229,450,095	196,185	11,364

REAL PROPERTY CLASSIFICATION (6)

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>				
	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartments</u>	
2019	\$ 2,280,822,200	\$ 8,123,100	\$ 2,052,646,600	\$ 206,145,700	\$ 13,906,800
2018	2,263,933,000	8,370,100	2,035,179,200	206,476,900	13,906,800
2017	2,247,986,600	6,280,300	2,019,795,400	207,910,400	14,000,500
2016	2,235,363,600	5,828,300	2,006,189,500	209,345,300	14,000,500
2015	2,222,538,800	6,041,600	1,998,716,500	203,780,200	14,000,500

- (1) Source: Borough Reports of Audit.
 (2) Utility Operations Ceased in July 2015
 (3) Per \$100 of Assessed Valuation
 (4) Source: State of New Jersey, Department of Treasury, Division of Taxation
 (5) Source: Population Estimates by New Jersey Department of Labor
 (6) Source: Borough Tax Assessor

**BOROUGH OF HADDONFIELD
2019 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,414,695
Miscellaneous Revenues:	
Local Revenues	742,000
State Aid Without Offsetting Appropriations	981,024
Dedicated Uniform Construction Code Fees	320,000
Director of Local Government Services - Public and Private Revenues	155,054
Director of Local Government Services - Other Special Items	1,911,500
Receipts From Delinquent Taxes	565,000
Amount to be Raised by Taxation for Municipal Purposes:	
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	11,186,955
Minimum Library Tax	<u>772,803</u>
 Total Anticipated Revenues	 <u><u>\$ 19,049,032</u></u>
Appropriations:	
Within CAPS:	
Operations	\$ 11,145,044
Deferred Charges and Statutory Expenditures	1,250,815
Excluded from CAPS:	
Other Operations	905,000
Public and Private Programs	155,054
Capital Improvements	2,640,000
Debt Service	1,722,000
Reserve for Uncollected Taxes	<u>1,231,118</u>
 Total Appropriations	 <u><u>\$ 19,049,032</u></u>

MUNICIPAL OPEN SPACE FUND

Amount to be Raised by Taxation	<u><u>\$ 113,481</u></u>
 Reserve for Future Use	 <u><u>\$ 113,481</u></u>

**BOROUGH OF HADDONFIELD
CAPITAL BUDGET
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2024**

	<u>Estimated Total Cost</u>	<u>Budget Appropriations</u>		<u>Capital Improvement Fund</u>	<u>Bonds and Notes</u>
		<u>Current Year 2019</u>	<u>Future Years</u>		<u>General</u>
Construction of Roads and Appurtenances	\$ 12,479,000	\$ 2,240,000	\$ 10,000,000	\$ 11,950	\$ 227,050
Improvements to Borough Buildings	720,900		425,000	13,560	282,340
Purchase of PW Vehicles and Equipment	2,653,500	282,500	2,200,000	8,550	162,450
Purchase of Police Equipment	162,000	15,000	95,000	2,600	49,400
Improvement to Parking Lots	400,000		400,000		
Purchase of Computers and Information Technoloç	50,000	20,000	30,000		
Purchase of Fire Gear and Hose	100,000		100,000		
Traffic Light Upgrades	400,000		400,000		
Drainage Issues	1,209,500		550,000	32,975	626,525
Recreation Improvements	300,000		300,000		
Library Improvements	15,000			2,500	12,500
Purchase of Electric Car	12,500	12,500			
Total - All Projects	\$ 18,502,400	\$ 2,570,000	\$ 14,500,000	\$ 72,135	\$ 1,360,265

**BOROUGH OF HADDONFIELD
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019**

The following table summarizes the direct debt of the Borough of Haddonfield as of December 31, 2019 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, as well as, Reserve to pay debt. The resulting net debt of \$28,341,033 represents 1.21% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Deductions			Net Debt
	Bonds	Notes	Authorized But Not Issued	Gross Debt	School Debt	Reserve to Pay Debt	
General	\$ 4,006,000	\$ 20,774,000	\$ 3,578,269	\$ 28,358,269		\$ 17,236	\$ 28,341,033
School - Local	41,470,000			41,470,000	\$ 41,470,000		
	<u>\$ 45,476,000</u>	<u>\$ 20,774,000</u>	<u>\$ 3,578,269</u>	<u>\$ 69,828,269</u>	<u>\$ 41,470,000</u>	<u>\$ 17,236</u>	<u>\$ 28,341,033</u>

Source: Borough Annual Debt Statement
As of: December 31, 2019

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$ 2,335,761,855
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	1.21%
2019 Net Valuation Taxable	\$ 2,286,574,762
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2,335,737,443
Gross Debt (3):	
As a percentage of 2019 Net Valuation Taxable	3.05%
As a percentage of 2019 Equalized Valuations	2.99%
Net Debt (3):	
As a percentage of 2019 Net Valuation Taxable	1.24%
As a percentage of 2019 Equalized Valuations	1.21%
Gross Debt Per Capita (4)	\$ 6,155
Net Debt Per Capita (4)	2,498

BOROUGH BORROWING CAPACITY (1)(2)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$2,335,761,855)	\$ 81,751,665
Net Debt	<u>28,341,033</u>
Remaining Borrowing Capacity	<u>\$ 53,410,632</u>

LOCAL SCHOOL DISTRICT BORROWING CAPACITY (1)(2)

4.0% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$2,335,761,855)	\$ 93,430,474
Local School Debt	<u>41,470,000</u>
Remaining Borrowing Capacity	<u>\$ 51,960,474</u>

(1) As of December 31, 2019

(2) Source: Borough Annual Debt Statement

(3) Excluding overlapping debt

(4) Based on 2018 population estimation of 11,345

**BOROUGH OF HADDONFIELD
OVERLAPPING DEBT AS OF DECEMBER 31, 2019**

	DEBT ISSUED				
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):					
General:					
Bonds	\$ 40,475,000	\$ 17,734,529 (2)	\$ 22,740,471	\$ 1,366,702 (4)	\$ 44,848,356
Notes	35,461,125		35,461,125	2,131,214 (4)	
Loan Agreements	340,001,133		340,001,133	20,434,068 (4)	
Bonds Issued by Other Public Bodies Guaranteed by the County	260,305,410	260,305,410 (3)			
	<u>\$ 676,242,668</u>	<u>\$ 278,039,939</u>	<u>\$ 398,202,729</u>	<u>\$ 23,931,984</u>	<u>\$ 44,848,356</u>

(1) Source: County of Camden

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

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 6.01%.

Camden County Municipal Utilities Authority

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

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

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

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

Camden County Improvement Authority

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

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

**BOROUGH OF HADDONFIELD
SCHEDULE OF DEBT SERVICE
LONG TERM DEBT ONLY**

Year	Existing Debt (1)			Proposed General Improvement Bonds, Series 2020			Grand Total
	General			General			
	Principal	Interest	Total	Principal	Interest	Total	
2019	\$ 600,000	\$ 149,400	\$ 749,400				
2020	600,000	125,400	725,400				
2021	600,000	101,400	701,400	\$ 500,000			
2022	700,000	75,400	775,400	500,000			
2023	700,000	47,400	747,400	550,000			
2024	700,000	25,525	725,525	550,000			
2025	706,000	8,825	714,825	600,000			
2026				600,000			
2027				650,000			
2028				650,000			
2029				700,000			
2030				700,000			
2031				750,000			
2032				800,000			
2033				800,000			
2034				850,000			
2035				850,000			
2036				900,000			
2037				900,000			
2038				950,000			
2039				1,000,000			
2040				1,000,000			
	<u>\$ 4,606,000</u>	<u>\$ 533,350</u>	<u>\$ 5,139,350</u>	<u>\$ 14,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	

(1) As of December 31, 2018
Source: Borough Audit Report

APPENDIX B
AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Borough Commissioners
Borough of Haddonfield
Haddonfield, New Jersey 08033

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Haddonfield, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Borough on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Haddonfield, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Haddonfield, in the County of Camden, State of New Jersey, as of December 31, 2018, 2017, 2016, 2015 and 2014, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Borough adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 8). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

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

/s/ Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 30, 2019

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

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Regular Fund:					
Cash	\$ 20,724,009	\$ 28,869,583	\$ 19,780,919	\$ 18,386,580	\$ 8,497,480
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	741,471	591,564	852,545	748,790	717,597
Tax Title Liens Receivable	6,896	6,204	5,528	4,727	4,187
Property Acquired for Taxes - Assessed Valuation	26,700	26,700	26,700	26,700	26,700
Accounts Receivable - Other	21,083	18,479	11,908	8,046	90,935
Interfunds Receivable	342,312	432,100	111,711	241,962	46,787
Total Regular Fund	21,862,471	29,944,630	20,789,311	19,416,805	9,383,686
Federal and State Grant Fund:					
Cash	35,618	121,858	11,513	229,104	47,915
Interfunds Receivable	1,850,746	1,575,746	43,694		83,296
Federal and State Grants Receivable	48,161	197,756	1,511,574	1,479,607	1,456,234
Total Federal and State Grant Fund	1,934,525	1,895,360	1,566,781	1,708,711	1,587,445
	\$ 23,796,996	\$ 31,839,990	\$ 22,356,092	\$ 21,125,516	\$ 10,971,131
<u>LIABILITIES, RESERVES, AND FUND BALANCE</u>					
Regular Fund:					
Liabilities:					
Appropriation Reserves	\$ 699,074	\$ 987,051	\$ 478,001	\$ 516,813	\$ 519,461
Reserve for Encumbrances	379,812	236,222	161,126	287,691	291,401
Accounts Payable	27,576				
Reserve for Proceeds from Sale of Utility	6,188,697	7,287,697	8,386,697	9,007,197	
Reserve for Utility Fund Balance	299,991	517,631	717,631		
Reserve for Community Impact Aid		30,000			
Reserve for Compensated Absences	75,146	75,146			
Reserve for Tax Appeals	19,686	19,686			
Tax Overpayments	112,926			2,732	
Prepaid Parking Permits	11,173	20,192	21,688	18,193	15,295
Prepaid Taxes	367,080	8,878,652	375,663	363,091	307,800
Due to Bank				300	
Due to the State of New Jersey	40,316	39,282	41,778	40,846	43,384
Due Camden County Utilities Authority	9,413				
Due County for Added and Omitted Taxes	123,395	129,349	112,527	105,628	69,086
Local School District Taxes Payable	5,098,828	4,272,695	3,458,684	2,903,403	2,555,741
Business Improvement District Taxes Payable	8,080	8,080	8,080	8,080	8,080
Interfunds Payable	162,398	197,756	158,716	113,493	404,464
Reserve for Receivables	1,138,462	1,075,047	1,008,391	1,030,225	886,206
Fund Balance	7,100,418	6,170,144	5,860,329	5,019,113	4,282,768
Total Regular Fund	21,862,471	29,944,630	20,789,311	19,416,805	9,383,686
Federal and State Grant Fund:					
Reserve for Encumbrances	75,897	70,783	3,353	194,678	14,121
Appropriated Reserves	1,640,785	1,553,070	1,348,994	1,349,542	1,519,204
Unappropriated Reserves	34,794	271,507	214,434	160,833	54,120
Interfund Payables	183,049			3,658	
Total Federal and State Grant Fund	1,934,525	1,895,360	1,566,781	1,708,711	1,587,445
	\$ 23,796,996	\$ 31,839,990	\$ 22,356,092	\$ 21,125,516	\$ 10,971,131

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

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

	For the Year Ended December 31,				
	2018	2017	2016	2015	2014
REVENUES AND OTHER INCOME REALIZED					
Current Tax Collections	\$ 69,455,527	\$ 67,498,138	\$ 65,292,132	\$ 63,156,171	\$ 61,717,503
Delinquent Tax Collections	592,564	840,774	741,971	705,994	792,071
Total Taxes	<u>70,048,091</u>	<u>68,338,912</u>	<u>66,034,103</u>	<u>63,862,165</u>	<u>62,509,574</u>
Fund Balance Utilized	2,062,000	1,746,000	1,740,000	1,720,000	1,700,000
Miscellaneous Revenue Anticipated	4,608,029	4,389,067	3,370,433	3,410,478	2,686,436
Non-Budget Revenues	947,426	537,465	600,358	218,147	129,754
Other Accounts Receivable - Liquidated	95,273	130,983	97,912	139,031	139,031
Other Credits to Income	<u>787,192</u>	<u>193,881</u>	<u>408,302</u>	<u>323,835</u>	<u>565,561</u>
Total Income	<u>78,548,011</u>	<u>75,205,325</u>	<u>72,284,179</u>	<u>69,632,537</u>	<u>67,730,356</u>
EXPENDITURES					
Operations Within "CAPS":					
Salaries and Wages	5,059,896	5,073,100	4,942,843	4,586,398	4,497,667
Other Expenses	5,770,145	5,647,440	5,412,556	5,258,694	4,976,010
Statutory Expenditures Within "CAPS"	1,159,900	1,088,858	1,104,600	1,029,600	1,022,145
Operations Excluded From "CAPS":					
Other Expenses	1,284,458	1,177,385	1,088,847	1,103,072	953,978
Capital Improvements Excluded From "CAPS"	2,262,701	2,005,000	1,740,000	1,450,000	880,000
Debt Service	1,417,985	1,070,551	616,590	716,134	1,351,535
Deferred Charge--Excluded From "CAPS"					700
County Taxes and County Share of Added and Omitted Taxes	19,609,311	19,277,792	18,915,816	17,951,147	17,175,554
Local School District Tax	38,449,274	36,962,235	35,497,016	34,497,518	33,871,732
Special District Tax	250,000	250,000	250,000	250,000	250,000
Municipal Open Space Tax and Share of Added and Omitted Taxes	114,198	113,443	112,722	112,040	111,943
Prior Year Senior and Veterans Deductions Disallowed	1,000	1,500	1,500	1,000	3,000
Refund of Prior Year Revenue	164,220	2,095	19,741		
Cancellation Federal and State Grants Receivable		152,746		7,502	150,465
Cancellation of Protested Checks			732		
Reserve for Interfunds and Other Receivables - Creation	<u>12,649</u>	<u>327,365</u>		<u>213,087</u>	<u>97,912</u>
Total Expenditures and Encumbrances	<u>75,555,737</u>	<u>73,149,510</u>	<u>69,702,963</u>	<u>67,176,192</u>	<u>65,342,641</u>
Statutory Excess to Fund Balance	2,992,274	2,055,815	2,581,216	2,456,345	2,387,715
Fund Balance, January 1	<u>6,170,144</u>	<u>5,860,329</u>	<u>5,019,113</u>	<u>4,282,768</u>	<u>3,595,053</u>
	9,162,418	7,916,144	7,600,329	6,739,113	5,982,768
Decreased by:					
Utilized as Revenue	<u>2,062,000</u>	<u>1,746,000</u>	<u>1,740,000</u>	<u>1,720,000</u>	<u>1,700,000</u>
Fund Balance December 31	<u>\$ 7,100,418</u>	<u>\$ 6,170,144</u>	<u>\$ 5,860,329</u>	<u>\$ 5,019,113</u>	<u>\$ 4,282,768</u>

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

BOROUGH OF HADDONFIELD
TRUST FUNDS
Statements of Assets, Liabilities and Reserves - Regulatory Basis

ASSETS	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Animal Control Fund:					
Cash--Treasurer	\$ 2,033	\$ 7,809	\$ 12,140	\$ 12,459	\$ 13,198
Interfunds Receivable	370	370	370	370	370
Due from Bank					67.00
	<u>2,403</u>	<u>8,179</u>	<u>12,510</u>	<u>12,829</u>	<u>13,635</u>
Municipal Open Space Fund:					
Cash--Treasurer	1,280,801	1,280,801	1,030,466	916,973	412,639
Interfunds Receivable	114,237		115,023	113,493	504,333
	<u>1,395,038</u>	<u>1,280,801</u>	<u>1,145,489</u>	<u>1,030,466</u>	<u>916,972</u>
Other Funds:					
Cash--Treasurer	3,164,601	2,664,829	2,055,647	2,804,592	1,942,203
Community Development Grant Receivable		50,700	36,200	67,300	45,600
Police Off Duty Accounts Receivable	39,123	18,063	33,926	44,365	8,903
Interfunds Receivable	29,000			2,330	
	<u>3,232,724</u>	<u>2,733,592</u>	<u>2,125,773</u>	<u>2,918,587</u>	<u>1,996,706</u>
	<u>\$ 4,630,165</u>	<u>\$ 4,022,572</u>	<u>\$ 3,283,772</u>	<u>\$ 3,961,882</u>	<u>\$ 2,927,313</u>
LIABILITIES AND RESERVES					
Animal Control Fund:					
Due to State of New Jersey	\$ 1	\$ 16	\$ 13		\$ 20
Prepaid Licenses			337		388
Reserve for Encumbrances	1,751	700	242	\$ 446	98
Reserve for Animal Control Expenditures	651	7,463	11,918	12,383	13,129
	<u>2,403</u>	<u>8,179</u>	<u>12,510</u>	<u>12,829</u>	<u>13,635</u>
Municipal Open Space Fund:					
Due Current Fund		17,981			
Reserve for Municipal Open Space	1,395,038	1,262,820	1,145,489	1,030,466	916,972
	<u>1,395,038</u>	<u>1,280,801</u>	<u>1,145,489</u>	<u>1,030,466</u>	<u>916,972</u>
Other Funds:					
Special Reserves and Deposits	3,057,404	2,480,656	2,057,957	2,729,649	1,850,796
Due to State of New Jersey	8,635	7,301	8,823	26,042	6,596
Interfunds Payable	87,170	164,462	35,271	109,665	54,720
Reserve for Encumbrances	44,347	46,005	935	11,961	902
Reserve for Payroll Deductions Payable	35,168	35,168	22,787	41,270	83,692
	<u>3,232,724</u>	<u>2,733,592</u>	<u>2,125,773</u>	<u>2,918,587</u>	<u>1,996,706</u>
	<u>\$ 4,630,165</u>	<u>\$ 4,022,572</u>	<u>\$ 3,283,772</u>	<u>\$ 3,961,882</u>	<u>\$ 2,927,313</u>

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

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

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash	\$ 2,182,112	\$ 3,164,898	\$ 2,761,901	\$ 4,086,488	\$ 1,202,483
Due from Haddonfield Library Board	354,000	354,000	354,000	354,000	354,000
Interfund Receivables	170,650	16,600			216,767
Deferred Charges to Future Taxation:					
Funded	4,606,000	5,106,000	5,506,000	5,906,000	11,258,000
Unfunded	23,339,661	22,133,057	21,432,296	7,648,947	6,625,739
	<u>\$ 30,652,423</u>	<u>\$ 30,774,555</u>	<u>\$ 30,054,197</u>	<u>\$ 17,995,435</u>	<u>\$ 19,656,989</u>
 <u>LIABILITIES, RESERVES, AND FUND BALANCE</u>					
Capital Improvement Fund	\$ 12,419	\$ 27,100	\$ 42,900	\$ 14,400	\$ 18,400
Reserve for Encumbrances	1,751,510	343,894	344,763	293,419	388,754
Contracts Payable		837,179	298,186	1,746,769	581,418
Retained Percentage Due Contractors			45,589	63,010	16,093
Reserve for Sidewalk Construction Program	933	933	933	933	933
Reserve for Inside Road Program	343,785	546,329	1,272,336	658,318	164,179
Reserve for Payment of Bonds	17,236	17,236	636	636	31,636
Reserve for Library Improvements	59,539	72,739	72,739	6,094	
Reserve for Fire House Improvements				19,652	32,946
Reserve for Recreation Improvements		40,000	40,000	55,000	55,000
Reserve for Borough Building Improvements	8,580	8,580	47,646	47,646	47,646
Reserve for Fire Gear and Hoses				13,070	13,070
Reserve for Computer Hardware and Software	8,794	14,952	7,453	8,476	30,943
Reserve for Police Equipment	1,272				
Interfunds Payable	272,112	266,627	76,810	132,242	
Improvement Authorizations:					
Funded	16,042	22,359	28,134	473,560	1,054,047
Unfunded	1,644,786	1,154,295	1,234,178	1,218,149	2,677,677
Bond Anticipation Notes	21,158,485	21,370,800	20,200,737	6,625,739	2,727,500
General Serial Bonds	4,606,000	5,106,000	5,506,000	5,906,000	11,258,000
	29,901,493	29,829,023	29,219,040	17,283,113	19,098,242
Fund Balance	<u>750,930</u>	<u>945,532</u>	<u>835,157</u>	<u>712,322</u>	<u>558,747</u>
	<u>\$ 30,652,423</u>	<u>\$ 30,774,555</u>	<u>\$ 30,054,197</u>	<u>\$ 17,995,435</u>	<u>\$ 19,656,989</u>

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

BOROUGH OF HADDONFIELD
WATER AND SEWER UTILITY - OPERATING FUND*
 Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash				\$ 647,800	\$ 3,730,826
Consumer Accounts Receivable				57,712	455,518
Other Accounts Receivable				925	925
Interfunds Receivable				902	25,474
Deferred Charges				29,150	105,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,489</u>	<u>\$ 4,317,743</u>
 <u>LIABILITIES, RESERVES, AND FUND BALANCE</u>					
Reserve for Sale of Utility					\$ 2,850,722
Appropriation Reserves				\$ 17,488	103,716
Other Liabilities and Reserves				32,074	183,719
Rent Overpayments				1,124	9,603
Accrued Interest on Bonds and Notes					146,476
Interfunds Payable					17,912
Reserve for Receivables and Other Assets				58,637	456,443
				109,323	3,768,591
Fund Balance				627,166	549,152
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,489</u>	<u>\$ 4,317,743</u>

*Utility operations ceased in July 2015

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

BOROUGH OF HADDONFIELD
WATER AND SEWER UTILITY - CAPITAL FUND*
Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash					\$ 31,907
Fixed Capital					21,076,110
Fixed Capital Authorized and Uncompleted					5,223,500
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,331,517</u>
 <u>LIABILITIES, RESERVES, AND FUND BALANCE</u>					
Reserve for Encumbrances					\$ 168,719
Reserve to Pay Debt					113,903
Improvement Authorizations					839,247
Reserve for Amortization					11,436,215
Contracts Payable					261,113
Retained Percentage Due Contractors					40,708
Deferred Reserve for Amortization					
Capital Improvement Fund					16,780
Due to General Capital Fund					100,000
Interfunds Payable					300,000
Bond Anticipation Notes					1,586,000
Serial Bonds					11,225,000
					<u>26,087,685</u>
Fund Balance					<u>243,832</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,331,517</u>

*Utility operations ceased in July 2015

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

BOROUGH OF HADDONFIELD
WATER AND SEWER UTILITY - OPERATING FUND*
Statements of Operations and Changes in Fund Balance - Regulatory Basis

For The Year Ended December 31,

<u>OPERATING REVENUES:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fund Balance Anticipated			\$ 39,150	\$ 298,395	
Miscellaneous Revenues			66,118	99,185	\$ 623,875
Reserve for Sale of Utility				341,295	
Utility Rents			55,839	1,712,679	3,144,759
Total Budget Revenues	-	-	161,107	2,451,554	3,768,634
Other Credits to Income			7,899	435,440	122,674
Total Income	-	-	169,006	2,886,994	3,891,308
 <u>OPERATING EXPENSES:</u>					
Operating			9,316	976,712	2,660,100
Debt Service				341,295	984,036
Deferred Charges			29,150	105,000	
Statutory Expenditures				60,833	103,500
Liquidation of Fixed Capital Authorized and Uncompleted				842,781	
Liquidation of Reserve - Sale of Utility				213,114	
Liquidation of Reserve - Protested Checks			925		
Creation of Reserve for Assets					
Total Expenditures	-	-	39,391	2,539,735	3,747,636
Excess in Revenue		-	129,615	347,259	143,672
Adjustment to Income Before Fund Balance: Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Years				29,150	105,000
Statutory Excess to Fund Balance	-	-	129,615	376,409	248,672
Fund Balances January 1			627,166	549,152	300,480
	-	-	756,781	925,561	549,152
Decreased by: Liquidation of Utility Fund: Transferred to Current Fund Utilized in Budget			717,631	298,395	
			39,150		
Fund Balance December 31	\$ -	\$ -	\$ -	\$ 627,166	\$ 549,152

*Utility operations ceased in July 2015

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

BOROUGH OF HADDONFIELD
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Haddonfield (hereafter referred to as the "Borough") was incorporated in April 1875 and is located in southwest New Jersey approximately twenty miles southeast of the City of Philadelphia. The population according to the 2010 census is 11,659. The Borough of Haddonfield operates under a commission form of government. The Mayor is the chief executive officer and is elected by the commissioners.

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

Haddonfield Public Library
Haddon and Tanner Streets
Haddonfield, New Jersey 08033

Partnership for Haddonfield, Inc.
P.O. Box 773
Haddonfield, New Jersey 08033

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

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

In accordance with the *Requirements*, the Borough accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the County of Camden, the Borough of Haddonfield School District, the Borough of Haddonfield Business Improvement District (Partnership for Haddonfield), the Haddonfield Public Library and the Borough of Haddonfield Open Space budget. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting, and remitting school taxes for the Borough of Haddonfield School District. Operations is charged for the Borough's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

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

Business Improvement District Taxes - The Borough is responsible for levying, collecting, and remitting Special District Taxes for Borough of Haddonfield Business Improvement District, the Partnership for Haddonfield. Properties within the boundaries of the Business Improvement District are assessed taxes at the rate approved by resolution. Operations is charged for the full amount required to be raised by taxation to support the District.

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

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

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

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

Expenditures (Cont'd) - At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

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

Note 2: CASH AND CASH EQUIVALENTS

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

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

As of December 31, 2018, the Borough's bank balances of \$27,320,175.97 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 24,387,795.02
Uninsured and Uncollateralized	<u>2,932,380.95</u>
Total	<u>\$ 27,320,175.97</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.063</u>	<u>\$ 2.990</u>	<u>\$ 2.923</u>	<u>\$ 2.842</u>	<u>\$ 2.779</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.470	\$ 0.460	\$ 0.461	\$ 0.454	\$ 0.455
Municipal Open Space	0.005	0.005	0.005	0.005	0.005
Municipal Library	0.033	0.033	0.033	0.032	0.031
County	0.839	0.830	0.819	0.782	0.749
County Open Space	0.021	0.021	0.021	0.020	0.020
Local School	1.695	1.641	1.584	1.549	1.519
Special District	Varies	Varies	Varies	Varies	Varies

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 2,269,613,150.00
2017	2,253,650,000.00
2016	2,241,017,249.00
2015	2,227,611,298.00
2014	2,229,858,921.00

Note 3: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 70,208,196.48	\$ 69,455,526.78	98.93%
2017	68,088,612.99	67,498,138.10	99.13%
2016	66,146,919.81	65,292,132.12	98.71%
2015	63,950,501.82	63,156,170.74	98.76%
2014	62,486,708.94	61,717,503.41	98.77%

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>
2018	\$ 6,895.85	\$ 741,470.79	\$ 748,366.64	1.07%
2017	6,203.61	591,564.59	597,768.20	0.88%
2016	5,527.87	852,544.21	858,072.08	1.30%
2015	4,727.27	748,789.78	753,517.05	1.18%
2014	4,187.29	717,596.55	721,783.84	1.16%

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

<u>Year</u>	<u>Number</u>
2018	7
2017	7
2016	7
2015	6
2014	6

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>
2018	\$ 26,700.00
2017	26,700.00
2016	26,700.00
2015	26,700.00
2014	26,700.00

Note 5: FUND BALANCES APPROPRIATED

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

<u>Current Fund</u>			
<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 7,100,418.46	\$ 2,414,695.00	34.01%
2017	6,170,143.98	2,062,000.00	33.42%
2016	5,860,329.00	1,746,000.00	29.79%
2015	5,019,113.47	1,740,000.00	34.67%
2014	4,282,768.08	1,720,000.00	40.16%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 342,312.26	\$ 162,397.51
Federal and State Grant	48,161.28	183,049.47
Trust - Animal Control	370.00	
Trust - Other	29,000.00	87,170.15
Trust - Open Space	114,236.23	
General Capital	170,649.47	272,112.11
Totals	<u>\$ 704,729.24</u>	<u>\$ 704,729.24</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2019, the Borough expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Borough's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Borough employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension. 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, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

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

<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' 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' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough. The PFRS' 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 New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Vesting and Benefit Provisions

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

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

Public Employees' Retirement System (Cont'd) - Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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.

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. 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 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10% in State fiscal year 2018. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 14.31% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$390,117.00, and was payable by April 1, 2019. 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, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$355,559.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$203,635.90.

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 P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Borough's contractually required contribution rate for the year ended December 31, 2018 was 32.56% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$575,205.00, and was payable by April 1, 2019. 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, 2017, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$515,267.00, which was paid on April 1, 2018.

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) - Employee contributions to the Plan during the year ended December 31, 2018 were \$180,716.30.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2018 was 3.63% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2018 is \$64,047.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2017 was \$50,342.00, which was paid on April 1, 2018.

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

For the year ended December 31, 2018, employee contributions totaled \$300.62, and the Borough's contributions were \$163.99. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2018, the Borough's proportionate share of the PERS net pension liability was \$7,722,316.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0392204738%, which was an increase of 0.0008394710% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$169,524.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PERS was \$390,117.00, and was paid on April 1, 2018.

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)

Police and Firemen's Retirement System - At December 31, 2018, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 7,961,431.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>1,081,429.00</u>
	<u><u>\$ 9,042,860.00</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Borough's proportion was 0.0588356333%, which was an increase of 0.0006145877% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Borough, was 0.0588356333%, which was an increase of 0.0006145877% from its proportion, on-behalf of the Borough, measured as of June 30, 2017.

At December 31, 2018, the Borough's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$716,167.00. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Borough's contribution to PFRS was \$575,205.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$128,094.00. This on-behalf expense is not recognized by the Borough 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, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 147,266.00	\$ 80,997.00	\$ 228,263.00	\$ 39,819.00	\$ 32,946.00	\$ 72,765.00
Changes of Assumptions	1,272,510.00	683,382.00	1,955,892.00	2,469,186.00	2,040,377.00	4,509,563.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	72,436.00	43,556.00	115,992.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	328,334.00	466,518.00	794,852.00	871,536.00	71,045.00	942,581.00
Borough Contributions Subsequent to the Measurement Date	195,059.00	287,603.00	482,662.00	-	-	-
	<u>\$ 1,943,169.00</u>	<u>\$ 1,518,500.00</u>	<u>\$ 3,461,669.00</u>	<u>\$ 3,452,977.00</u>	<u>\$ 2,187,924.00</u>	<u>\$ 5,640,901.00</u>

\$195,059.00 and \$287,603.00 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, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

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 Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
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
June 30, 2018	-	5.63	-	5.73
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
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

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:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ (204,967.00)	\$ 167,148.00	\$ (37,819.00)
2020	(323,297.00)	(102,592.00)	(425,889.00)
2021	(642,343.00)	(533,149.00)	(1,175,492.00)
2022	(407,752.00)	(370,821.00)	(778,573.00)
2023	(126,508.00)	(117,613.00)	(244,121.00)
	<u>\$ (1,704,867.00)</u>	<u>\$ (957,027.00)</u>	<u>\$ (2,661,894.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65% - 4.15% Based on Age	2.10% - 8.98% Based on Age
Thereafter	2.65% - 5.15% Based on Age	3.10% - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. 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 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) 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' and PFRS' target asset allocation as of June 30, 2018 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Asset	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, 2018 was 5.66% for PERS and 6.51% 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 3.87% as of June 30, 2018, 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 50% 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 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 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 Borough's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Borough's proportionate share of the net pension liability at June 30, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 9,709,922.00</u>	<u>\$ 7,722,316.00</u>	<u>\$ 6,054,841.00</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 Borough's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Borough's Proportionate Share of the Net Pension Liability	\$ 10,655,387.00	\$ 7,961,431.00	\$ 5,739,408.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>1,447,358.52</u>	<u>1,081,429.00</u>	<u>779,603.80</u>
	<u>\$ 12,102,745.52</u>	<u>\$ 9,042,860.00</u>	<u>\$ 6,519,011.80</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 <https://www.nj.gov/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 Borough's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Six Years)

	Measurement Date Ended June 30,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0392204738%	0.0383810028%	0.0373408750%
Borough's Proportionate Share of the Net Pension Liability	\$ 7,722,316.00	\$ 8,934,484.00	\$ 11,059,296.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 2,759,688.00	\$ 2,666,208.00	\$ 2,522,688.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	279.83%	335.10%	438.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	Measurement Date Ended June 30,		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0464541382%	0.0459596833%	0.0468100280%
Borough's Proportionate Share of the Net Pension Liability	\$ 10,428,023.00	\$ 8,604,910.00	\$ 8,946,326.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 3,213,052.00	\$ 3,172,288.00	\$ 3,190,156.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	324.55%	271.25%	280.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

Supplementary Pension Information (Cont'd)

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 390,117.00	\$ 355,559.00	\$ 331,731.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(390,117.00)</u>	<u>(355,559.00)</u>	<u>(331,731.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,726,444.00	\$ 2,781,457.00	\$ 2,635,113.00
Borough's Contributions as a Percentage of Covered Payroll	14.31%	12.78%	12.59%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 399,381.00	\$ 378,885.00	\$ 352,704.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(399,381.00)</u>	<u>(378,885.00)</u>	<u>(352,704.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 2,634,342.00	\$ 3,176,040.00	\$ 3,162,711.00
Borough's Contributions as a Percentage of Covered Payroll	15.16%	11.93%	11.15%

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

Supplementary Pension Information (Cont'd)

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Proportion of the Net Pension Liability	0.0588356333%	0.0582210456%	0.0565566101%
Borough's Proportionate Share of the Net Pension Liability	\$ 7,961,431.00	\$ 8,988,204.00	\$ 10,803,759.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	1,081,429.00	1,006,755.00	907,248.00
Total	<u>\$ 9,042,860.00</u>	<u>\$ 9,994,959.00</u>	<u>\$ 11,711,007.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,932,996.00	\$ 1,871,096.00	\$ 1,807,688.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	411.87%	480.37%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Proportion of the Net Pension Liability	0.0531055609%	0.0545057753%	0.0552662142%
Borough's Proportionate Share of the Net Pension Liability	\$ 8,845,535.00	\$ 6,856,321.00	\$ 7,347,144.00
State's Proportionate Share of the Net Pension Liability associated with the Borough	775,724.00	738,311.00	684,843.00
Total	<u>\$ 9,621,259.00</u>	<u>\$ 7,594,632.00</u>	<u>\$ 8,031,987.00</u>
Borough's Covered Payroll (Plan Measurement Period)	\$ 1,656,516.00	\$ 1,763,996.00	\$ 1,776,228.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	533.98%	388.68%	413.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

Supplementary Pension Information (Cont'd)

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

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 575,205.00	\$ 515,267.00	\$ 461,129.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(575,205.00)</u>	<u>(515,267.00)</u>	<u>(461,129.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,766,537.00	\$ 1,910,110.00	\$ 1,901,065.00
Borough's Contributions as a Percentage of Covered Payroll	32.56%	26.98%	24.26%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 431,669.00	\$ 418,642.00	\$ 403,210.00
Borough's Contribution in Relation to the Contractually Required Contribution	<u>(431,669.00)</u>	<u>(418,642.00)</u>	<u>(403,210.00)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 1,807,941.00	\$ 1,696,955.00	\$ 1,753,346.00
Borough's Contributions as a Percentage of Covered Payroll	23.88%	24.67%	23.00%

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

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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 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.

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

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits Provided - The Borough provides postretirement health care benefits through a health plan for retirees, which includes a medical, dental, and prescription plan. The Borough's provides a single employer post-employment healthcare plan, which is not administered through a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, and covers the following retiree population: eligible retirees who retire from active employment with the Borough and who have at least twenty five (25) years of service with the Borough. Coverage is provided for the retirees and their spouse up to age sixty-five, providing the retirees annually certify that they have no other medical coverage. This provision is part of a labor agreement between the Borough and the I.A.F.F. Locals 3198 and 2663. The Plan is administered by the Borough; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retirees are paid in monthly installments after the Borough provides the retirees with a detailed accounting of the costs.

Employees Covered by Benefit Terms - As of December 31, 2018, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	92
Inactive Employees Entitled to but Not Yet Receiving Benefit Payments	-
Active Employees	51
	143
	143

Total OPEB Liability

The Borough's total OPEB liability of \$48,894,736.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

Actuarial Assumptions and Other Inputs - The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% Annually
Salary Increases	2.50% Annually
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.8% in 2018 Reducing by 0.1% per annum, leveling at 5% per annum in 2026
Drug	10.0% in 2018 Reducing by 0.5% per annum to 2022 and 1.0% per annum thereafter, leveling at 5% per annum in 2026
Retirees' Share of Benefit-Related Costs	Retiree's who retired before the passage of Chapter 78 or those employees who had 25 years of service on the date of passage are grandfathered. All other are subject to contribution rates in effect when they retired, but not less than 1.5% of their annual retirement allowance from PERS.

The discount rate was based on the Bond Buyer 20 Index December, 31, 2018.

Mortality rates were based on the RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years.

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

Actuarial Assumptions and Other Inputs (Cont'd)

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on standard tables either developed for the applicable State Pension system in which the Borough participates or the State Health Benefits Program. The actuary has used their professional judgement in applying these assumptions to this Plan.

Changes in Total OPEB Liability

Balance at December 31, 2017		\$ 47,456,884.00
Changes for the Year:		
Service Cost	\$ 604,840.00	
Interest Cost	1,947,680.00	
Benefit Payments	(1,114,668.00)	
Changes in Assumptions	-	
Difference Between Expected and Actual Experience	<u>-</u>	
Net Changes		<u>1,437,852.00</u>
Balance at December 31, 2018		<u>\$ 48,894,736.00</u>

Sensitivity of Total OPEB Liability to Changes in Discount Rate- The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated for using a discount rate that is 1-percentage -point lower or 1-percentage-point higher than the current discount rate:

	1.00% Decrease (3.10%)	Current Discount Rate (4.10%)	1.00% Increase (5.10%)
Total OPEB Liability	<u>\$ 54,456,678.00</u>	<u>\$ 48,894,736.00</u>	<u>\$ 44,748,684.00</u>

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	<u>\$ 44,786,518.00</u>	<u>\$ 48,894,736.00</u>	<u>\$ 53,791,877.00</u>

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

OPEB Expense - For the year ended December 31, 2018, the Borough recognized OPEB expense of \$2,552,520.00.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the Borough's OPEB Plan. 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 Changes in the Borough's Total OPEB Liability and Related Ratios

Service Cost	\$ 604,840.000
Interest Cost	1,947,680.00
Benefit Payments	(1,114,668.00)
Changes in Assumptions	-
Difference Between Expected and Actual Experience	-
	<hr/>
Net Change in Total OPEB Liability	1,437,852.00
	<hr/>
Total OPEB Liability - Beginning of Year	47,456,884.00
	<hr/>
Total OPEB Liability - End of Year	\$ 48,894,736.00
	<hr/>
Covered-Employee Payroll	\$ 5,730,993.83
	<hr/>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	853.16%

Notes to Schedule:

Changes of Benefit Terms:
None

Changes of Assumptions:
None

Note 9: COMPENSATED ABSENCES

Full-time employees are entitled to varying amount of paid sick leave days each year, depending upon the length of service. Unused sick leave and vacation days may not be accumulated and carried forward to the subsequent year. Therefore, since no accumulation of sick leave and/or vacation leave is permitted, no liability for compensated absences exists at December 31, 2018.

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: LEASE OBLIGATIONS

At December 31, 2018, the Borough had lease agreements in effect for the following:

- Capital:
 - One (1) Phone System
- Operating:
 - Three (3) Copiers
 - One (1) Mail System

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Phone System	\$ 1,403.99	\$ 3,810.83

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,359.56	\$ 44.43	\$ 1,403.99
Total	\$ 1,359.56	\$ 44.43	\$ 1,403.99

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

<u>Year</u>	<u>Amount</u>
2019	\$ 8,573.88
2020	8,573.88
2021	6,463.88

Rental payments under operating leases for the year 2018 were \$8,573.88.

Note 12: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2013 - On March 1, 2013, the Borough issued \$6,706,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various capital projects in the Borough.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 600,000.00	\$ 149,400.00	\$ 749,400.00
2020	600,000.00	125,400.00	725,400.00
2021	600,000.00	101,400.00	701,400.00
2022	700,000.00	75,400.00	775,400.00
2023	700,000.00	47,400.00	747,400.00
2024-2025	1,406,000.00	34,350.00	1,440,350.00
Totals	\$ 4,606,000.00	\$ 533,350.00	\$ 5,139,350.00

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 25,764,485.00	\$ 26,476,800.00	\$ 25,706,738.00
Total Issued	25,764,485.00	26,476,800.00	25,706,738.00
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes	2,194,119.00	775,200.54	1,235,749.00
Total Authorized but not Issued	2,194,119.00	775,200.54	1,235,749.00
Total Issued and Authorized but not Issued	27,958,604.00	27,252,000.54	26,942,487.00
<u>Deductions</u>			
General:			
Reserve for Payment of Bonds	17,235.71	17,235.71	635.71
Total Deductions	17,235.71	17,235.71	635.71
Net Debt	\$ 27,941,368.29	\$ 27,234,764.83	\$ 26,941,851.29

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.221%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 44,031,000.00	\$ 44,031,000.00	
General	27,958,604.00	17,235.71	\$ 27,941,368.29
	\$ 71,989,604.00	\$ 44,048,235.71	\$ 27,941,368.29

Note 12: CAPITAL DEBT (CONT'D)

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

Net debt \$27,941,368.29 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$2,287,692,634.00, equals 1.221%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 80,069,242.19
Less: Net Debt	<u>27,941,368.29</u>
Remaining Borrowing Power	<u><u>\$ 52,127,873.90</u></u>

Note 13: DEFEASED DEBT

The Borough defeased certain general obligation bonds by placing the proceeds from the sale of the utility in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the Borough's financial statements. As of December 31, 2018, the total amount of defeased debt outstanding, but removed from the Borough's financial statements, is \$10,925,000.00.

Note 14: SCHOOL TAXES

Haddonfield Local 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:

	<u>Balance December 31,</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$ 19,271,291.00	\$ 18,445,158.00
Deferred	<u>14,172,463.00</u>	<u>14,172,463.00</u>
Taxes Payable	<u><u>\$ 5,098,828.00</u></u>	<u><u>\$ 4,272,695.00</u></u>

Note 15: RISK MANAGEMENT

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

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

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

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

Note 15: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 21,738.67	\$ 583.35	\$ 30,398.15	\$ 51,437.72
2017	\$ 20,000.00	21,187.22	232.70	41,002.78	59,513.85
2016		19,894.58	231.03	63,528.13	59,096.71

It is estimated that unreimbursed payments on behalf of the Borough at December 31, 2018 are \$2,855.08.

Joint Insurance Pool - The Borough of Haddonfield is a member of the Camden County Municipal Insurance 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 Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the Borough with the following coverage:

Property - Blanket Building and Grounds
 Boiler and Machinery
 General and Automobile Liability
 Workers Compensation
 Environmental Liability
 Employment Practices Liability
 Crime Policy/Law Enforcement Professional Liability
 Storage Tanks per Policy
 Public Employees/Public Officials Bond

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

Excess Workers' Compensation
 Excess General Liability
 Excess Crime including Excess Public Employee and Public Official Coverage

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

The Borough's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event.

Note 15: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd)

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Camden County Municipal Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, NJ 07054-4412

The Borough of Haddonfield is also a member of the Southern New Jersey Regional Employee Benefits Fund. The Fund provides its members, which includes the Borough, with health benefits coverage. Contributions to the Fund, including a reserve for contingencies, are payable in twelve installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report, which can be obtained from:

Southern New Jersey Regional Employee Benefits Fund
Connor Strong Companies, Inc.
P.O. Box 989
Marlton, New Jersey 08053

Note 16: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 7, 2006 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Borough of Haddonfield authorized the establishment of the Borough of Haddonfield Open Space, Recreation and Farmland Preservation Trust Fund effective December 26, 2006, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the two referendums, the Borough levies a tax not to exceed three cents per one hundred dollars of equalized valuation. Currently, the Borough has established the rate at one half a cent (.005). Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Borough of Haddonfield Open Space, Recreation and Farmland Preservation Trust Funds. The voters of the Borough, by referendum, approved the proposal to extend the provision of this tax indefinitely.

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 Borough expects such amount, if any, to be immaterial.

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

Note 18: CONCENTRATIONS

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

Note 19: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Miscellaneous drainage improvements	02/26/19	\$ 570,000.00
Various capital improvements	05/14/19	<u>\$ 814,150.00</u>
		<u><u>\$ 1,384,150.00</u></u>

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

_____, 2020

Board of Commissioners of the
Borough of Haddonfield, in the
County of Camden, New Jersey

Dear Commissioners:

We have acted as bond counsel to the Borough of Haddonfield, in the County of Camden, New Jersey (the "Borough"), in connection with the issuance by the Borough of its \$14,800,000 General Improvement Bonds, Series 2020 (the "Bonds") and its \$6,000,000 Bond Anticipation Note (the "Note"; and together with the Bonds, the "Obligations"), each dated the date hereof. 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 Borough adopted January 14, 2020 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.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Borough listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

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 Obligations are valid and legally binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the Obligations and the interest thereon without limitation as to rate or amount.

On the date hereof, the Borough 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 Obligations in order to preserve the tax-exempt status of the Obligations 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 Obligations to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Obligations 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 Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Obligations. Further, in our opinion, based upon existing law, interest on the Obligations 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,