

NEW ISSUE  
(Book-Entry Only)

RATING: See "RATING" herein

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 18, 2020**

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

**\$2,390,000\***  
**BOROUGH OF SWEDESBORO**  
**County of Gloucester, New Jersey**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**  
**Consisting of:**  
**\$1,165,000\* General Improvement Refunding Bonds**  
**\$1,225,000\* Water and Sewer Utility Refunding Bonds**  
**(BANK QUALIFIED) (BOOK-ENTRY ONLY)**  
**(NON-CALLABLE)**

Dated: Date of Delivery

Due: April 1, as shown below

The \$2,390,000\* aggregate principal amount of General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds"), of the Borough of Swedesboro, County of Gloucester, New Jersey ("Borough"), shall be issued in fully registered book-entry only form without coupons. The Refunding Bonds consist of: (i) \$1,165,000\* General Improvement Refunding Bonds; and (ii) \$1,225,000\* Water and Sewer Utility Refunding Bonds. The principal of the Refunding Bonds shall be paid on their respective maturity dates in the amounts and in the years set forth on this cover page upon presentation and surrender of the Refunding Bonds at the offices of the Borough or the Borough's hereafter designated paying agent, if any. Interest on the Refunding Bonds is payable semiannually on April 1 and October 1, commencing October 1, 2020, in each year until maturity. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

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

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Borough Council on March 16, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Borough Council on June 1, 2020.

The Refunding Bonds are being issued by the Borough to provide funds which will be used to: (i) currently refund and redeem all of the Borough's outstanding callable General Obligation Bonds, Series 2010, maturing on April 1 in the years 2021 through 2030, both dates inclusive; and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

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

**MATURITIES, PRINCIPAL AMOUNTS\*,  
INTEREST RATES AND YIELDS**

Maturity Date	General Improvement Refunding Bonds*	Water and Sewer Utility Refunding Bonds*	Total Principal Amount*	Interest Rate	Yield	Maturity Date	General Improvement Refunding Bonds*	Water and Sewer Utility Refunding Bonds*	Total Principal Amount*	Interest Rate	Yield
2021	\$	\$	\$180,000	%	%	2026	\$	\$	\$245,000	%	%
2022			220,000			2027			265,000		
2023			230,000			2028			260,000		
2024			230,000			2029			270,000		
2025			230,000			2030			270,000		

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

The Refunding Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, and certain other conditions described herein. Certain legal matters will be passed upon for the Borough by its Solicitor, Katrina Register, Esquire, of the law firm of Trimble & Armano, Turnersville, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as municipal advisor to the Borough in connection with the issuance of the Refunding Bonds. It is anticipated that the Refunding Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about July \_\_, 2020.

**RAYMOND JAMES®**

\* Preliminary, subject to change

**BOROUGH OF SWEDESBORO**  
**County of Gloucester, New Jersey**

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**Elected Officials**

<b>Thomas Fromm</b>	<b>Mayor</b>
<b>David Flaherty</b>	<b>Council President</b>
<b>Diane Hale</b>	<b>Councilmember</b>
<b>George Weeks</b>	<b>Councilmember</b>
<b>Salvatore "Sam" Casella</b>	<b>Councilmember</b>
<b>Joanna Gahrs</b>	<b>Councilmember</b>
<b>Alice O'Blennis</b>	<b>Councilmember</b>

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**Chief Financial Officer**  
**Elizabeth Pigliacelli**

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**Borough Clerk**  
**Lois M. Elder**

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**Solicitor**  
**Trimble & Armano**  
**Turnersville New Jersey**

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

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

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

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No dealer, broker, salesperson or other person has been authorized by the Borough or the Underwriter (as hereinafter defined) to give any information or to make any representations with respect to the Refunding 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 derived from the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and it is not to be construed as a representation by the Underwriter, or as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough since the date hereof.

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

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

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

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

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

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**OFFICIAL STATEMENT**  
**Relating to**  
  
**\$2,390,000\***  
**BOROUGH OF SWEDESBORO**  
**County of Gloucester, New Jersey**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020**  
**Consisting of:**  
**\$1,165,000\* General Improvement Refunding Bonds**  
**\$1,225,000\* Water and Sewer Utility Refunding Bonds**  
**(BANK QUALIFIED)**  
**(BOOK-ENTRY ONLY) (NON-CALLABLE)**

**INTRODUCTION**

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Borough of Swedesboro, County of Gloucester, New Jersey ("Borough"), of its \$2,390,000\* aggregate principal amount of General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds"). The Refunding Bonds consist of: (i) \$1,165,000\* General Improvement Refunding Bonds; and (ii) \$1,225,000\* Water and Sewer Utility Refunding Bonds.

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

**AUTHORIZATION FOR THE REFUNDING BONDS**

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Borough Council ("Council") on March 16, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by Council on June 1, 2020 ("Resolution").

**PURPOSE OF THE REFUNDING BONDS**

The Refunding Bonds are being issued by the Borough to provide funds which will be used to: (i) currently refund and redeem all of the Borough's outstanding callable General Obligation Bonds, Series 2010, maturing on April 1 in the years 2021 through 2030, both dates inclusive (collectively, the "Refunded Bonds"); and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the Borough and TD Bank, National Association,

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\* Preliminary, subject to change.

Cherry Hill, New Jersey, as escrow agent ("Escrow Agent"), the Borough will irrevocably deposit direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payment of the redemption price of and interest on the Refunded Bonds.

The mathematical calculations and adequacy of the deposit provided for the payment of the Refunded Bonds will be verified by Bowman & Company LLP, Voorhees, New Jersey, certified public accountants ("Verification Agent"), at the time of the delivery of the Refunding Bonds. All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

	<b><u>General Improvement</u></b>	<b><u>Water/Sewer Utility</u></b>	<b><u>Total</u></b>
<b>Estimated Sources of Funds:</b>			
Principal Amount of Refunding Bonds	\$ _____	\$ _____	\$ _____
[Net] Original Issue Premium	_____	_____	_____
Total Estimated Sources	\$ _____	\$ _____	\$ _____
<b>Estimated Uses of Funds:</b>			
Deposit to Escrow Fund	\$ _____	\$ _____	\$ _____
Costs of Issuance <sup>1</sup>			
Underwriter's Discount	_____	_____	_____
Total Estimated Uses	\$ _____	\$ _____	\$ _____

<sup>1</sup> Includes legal fees, Municipal Advisory fees, accounting fees, Escrow Agent fees, printing costs, Rating Agency's fees, Verification Agent fees, contingency and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

### **THE REFUNDING BONDS**

#### **Description**

The Refunding Bonds will be issued in the aggregate principal amount of \$2,390,000\*, will be dated their date of delivery, as shown on the cover page to this Official Statement, and

\* Preliminary, subject to change.

will bear interest from that date at the rates set forth on the cover page hereof. Interest on the Refunding Bonds will be payable semiannually on April 1 and October 1 ("Interest Payment Dates"), commencing October 1, 2020, in each year until maturity. The Refunding Bonds will mature on April 1 in the years and in the principal amounts, all as shown on the cover page of this Official Statement. The Refunding Bonds are not subject to redemption prior to their stated maturity dates.

The Refunding Bonds will be issued in fully registered book-entry-only form without coupons in the principal denominations of \$5,000 or any integral multiple thereof. The principal of the Refunding Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Refunding Bonds at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any. Interest on each Refunding Bond shall be payable on each Interest Payment Date of such Refunding Bond to the registered owner of record thereof appearing on the registration books kept by the Borough for such purpose at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any, as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding an Interest Payment Date ("Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Refunding Bonds is the responsibility of the Direct Participants (as hereinafter defined) and not the Borough or its hereafter designated paying agent, if any.

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

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

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

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

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

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of the Refunding Bonds ("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 Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

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

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



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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough or its hereafter designated paying agent, if any, 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 the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

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

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

## **SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS**

### **Taxing Power**

The Refunding Bonds are legal, valid and binding general obligations of the Borough and the full faith, credit and taxing power of the Borough are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds.

The Refunding Bonds are payable as to principal and interest, if payment is not provided in any other manner, from *ad valorem* taxes to be levied upon all taxable real property located within the Borough without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

The Borough may pledge only its own credit and taxing power in respect of the Refunding Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Refunding Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of, redemption price for or interest on the Refunding Bonds.

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

### **Local Bond Law**

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

**Debt Limits** - The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Borough, including the issuance of the Refunding Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

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

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

**Short-Term Financing** – When approved by bond ordinance, the Borough may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later

than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

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

### **Local Fiscal Affairs Law**

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

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 is on file with the Chief Financial Officer and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Borough's 2019 Annual Financial Statement is on file with the Borough Clerk and is available for review during business hours.

### **Local Budget Law**

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

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements,

necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

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

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

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

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

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties,

municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), on March 24, 2020, the Local Finance Board released Local Finance Notice 2020-07 specifically permitting emergency appropriations for response to the Coronavirus subsequent to the adoption of a local unit's budget. In particular, such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year's budget is an eligible exception to both the levy cap and the appropriations cap.

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

### **Miscellaneous Revenues**

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

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

### **Real Estate Taxes**

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

**Current Year Tax Levy and Reserve for Uncollected Taxes** - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for

Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in accordance with Chapter 56 of P.L. 2010.

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

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

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

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11, specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) *N.J.S.A. 40A:4-41(c)* allows for use of the average of the prior three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) *N.J.S.A. 40A:4-41(d)* allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to DLGS of a resolution of the governing body and subsequent approval therefrom.

### **Deferral of Current Expenses**

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations,

revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

### **Budget Transfers**

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

### **Capital Budget**

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

### **Operation of Utility**

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

### **Related Constitutional and Statutory Provisions**

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

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

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



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

### **Rights and Remedies of Owners of Bonds**

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

### **Limitation of Remedies Under Federal Bankruptcy Code**

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

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

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

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

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties resulting in a decrease of the assessment ratio to its present level of 98.65%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. The last reassessment of property within the Borough was for the 2015 tax year.

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

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a

tax sale in accordance with New Jersey Statutes. Tax liens retained by the Borough are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

In response to the outbreak of the Coronavirus, the Governor of the State of New Jersey signed Executive Order 130, authorizing municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. At a meeting held on May 4, 2020, Borough Council adopted Resolution No. R-97-2020 instituting the above-described grace period for the payment of property taxes. See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

### **Tax Appeals**

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

In response to the outbreak of the Coronavirus, on May 28, 2020, the Governor of the State of New Jersey signed legislation (A4157) extending the deadline to file 2020 property tax assessment appeals to July 1, and extending deadlines for county boards of taxation to decide on such cases to September 30, with certain exceptions. The bill took effect on May 28, 2020 and applies retroactively to April 1, 2020.

## **INFORMATION REGARDING THE BOROUGH OF SWEDESBORO**

### **General**

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

### **Financial**

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Borough for the year ended December 31, 2019 and (b) audited financial statements of the Borough for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. The compiled and audited financial data was provided by Bowman & Company LLP, Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement.

Copies of the complete 2019 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Borough.

## **LITIGATION**

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

## **TAX MATTERS**

### **Federal**

In the opinion of Parker McCay, P.A., Mount Laurel, New Jersey, Bond Counsel to the Borough, assuming continuing compliance by the Borough with the tax covenants described below, under existing law, interest on the Refunding Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

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

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

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

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

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

## **New Jersey**

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

## **Changes in Federal and State Tax Law**

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

concluded in a particular manner, could adversely affect the market value of the Refunding Bonds.

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

### **CONTINUING DISCLOSURE**

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

The Borough has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations. The Borough appointed Phoenix Advisors, LLC, Bordentown, New Jersey in July of 2015 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

### **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters incident to the authorization, issuance, sale and delivery of the Refunding Bonds are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Refunding Bonds substantially in the form set forth in Appendix "C" hereto. Certain legal matters will be passed on for the Borough by the Solicitor.

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

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

## **NO DEFAULT**

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

## **MUNICIPAL ADVISOR**

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

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The accuracy of the arithmetic computations supporting: (i) the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay the redemption price of and interest on the Refunded Bonds; and (ii) the yield on the Refunding Bonds, will be independently verified by the Verification Agent.

## **CERTAIN RISK FACTORS**

### **Recent Healthcare Developments**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor"). The spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity. Virtually all sectors of the United States economy, with the exception of essential services, have been reduced or shutdown resulting in significant reductions in the GDP. Additionally, unemployment in the United States has reached historic levels.

In response, and as noted above, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. Subsequently, the federal government has adopted multiple bills authorizing various forms of aid including, but not limited to, Medicaid expansion, unemployment benefits and paid emergency leave, immediate cash relief for individuals and a broad lending program for businesses and governmental entities. The Federal Reserve has also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending and liquidity programs to banks, money market mutual funds, businesses and certain governmental entities.

The State has also taken action to assist residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a ninety (90) day forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the income tax filing deadline and the corporation business tax filing deadline has been extended from April 15 to July 15 and the State fiscal year has been extended to September 30, 2020. Further, pursuant to Executive Order 130, the Governor authorized municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. If instituted, the impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenue for the Borough. As part of a planned multi-stage approach to restart the State's economy, the Governor has signed a series of executive orders beginning on April 29, 2020 permitting the resumption of certain activities. On June 9, 2020, the Governor signed Executive Orders 151 and 152, explicitly rescinding Paragraph 2 of Executive Order 107, thereby lifting the "stay-at-home" order and limits on indoor and outdoor gatherings and providing for the opening of certain outdoor recreational businesses. Additional executive orders relating to the resumption of certain activities may be executed by the Governor in the future as part of the planned multi-stage approach to restart the State's economy.

The Borough cannot predict, and does not predict, the duration, severity or ultimate impact of the Coronavirus, or the intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including that of the Borough.

The Borough has provided and intends to continue to provide essential services in and for the Borough including, but limited to, emergency services, core health and human services, and public works, together with certain other vital services the Borough deems necessary to remain operations and responsive to public needs. In addition, the Borough is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

## **Cyber Security**

The Borough relies on a large and complex technology environment to conduct its various operations. As a result, the Borough faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Borough has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Borough has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. The Borough has installed specific application software to train and assist employees in identifying suspicious emails. In addition, the Borough maintains insurance coverage for cyberattacks and related events.



## **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), has assigned its municipal bond rating of "AA-" to the Refunding Bonds based on the creditworthiness of the Borough.

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

## **UNDERWRITING**

The Refunding Bonds are being purchased from the Borough by Raymond James & Associates, Inc. ("Underwriter"), pursuant to a bond purchase contract dated June \_\_, 2020 ("Purchase Contract"), at a purchase price of \$\_\_\_\_\_ ("Purchase Price"). The Purchase Price of the Refunding Bonds reflects the par amount of the Refunding Bonds, less an Underwriter's discount of \$\_\_\_\_\_, [plus/less] [net] original issue premium of \$\_\_\_\_\_. The Underwriter is obligated to purchase all of the Refunding Bonds if any of the Refunding Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Refunding Bonds is subject to various conditions contained in the Purchase Contract.

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

## **LEGALITY FOR INVESTMENT**

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

## **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 same to the purchasers of the Refunding Bonds, by certificates signed by various Borough officials.

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

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

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

Bowman & Company LLP, Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to Elizabeth Pigliacelli, Chief Financial Officer, Borough of Swedesboro at (856) 467-0202.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Refunding Bonds.

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

## **BOROUGH OF SWEDESBORO, NEW JERSEY**

By: \_\_\_\_\_  
**ELIZABETH PIGLIACELLI,**  
**Chief Financial Officer**

**Dated: June \_\_, 2020**

## **APPENDIX A**

### **CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE BOROUGH OF SWEDESBORO**

## **GENERAL INFORMATION ON THE BOROUGH**

### **History**

In 1638, a small group of people from Sweden landed at a site in Delaware now known as Wilmington. Three years later in 1641, Peter Hollander Ridder, the second governor of New Sweden, as the settlement in the Delaware Valley was called, purchased from the Indians the entire eastern side of the Delaware River from Raccoon Creek southward to Cape May. The first settlement by the Swedes was on the bank of the Raccoon Creek the following year. The community was first named Rackoon and later Swedesborough. The Borough of Swedesboro ("Borough") was formed as a Borough by an Act of the New Jersey Legislature on April 9, 1902, from portions of the Township of Woolwich.

### **Location**

The Borough is located in the central part of Gloucester County, New Jersey, approximately twenty-five (25) miles south-east of Philadelphia, Pennsylvania, approximately fifty (50) miles west of Atlantic City and one hundred (100) miles south of New York City. The Borough is a separate governmental entity, .77 square miles in size, and is completely surrounded to the North, South, East and West by the Township of Woolwich.

### **Borough Government**

The Borough is governed under the borough form of New Jersey municipal government. The government consists of a Mayor and a Borough Council comprising of six council members, with all positions elected at large.

The Mayor is elected by the voters to a four-year term of office. The Borough Council is elected to serve three-year terms on a staggered basis, with two seats coming up for election each year.

The daily operations of the Borough are supervised by the Borough Clerk who also serves as the Business Administrator of the Borough. The Borough also employs a part time Chief Financial Officer who oversees the financial operations of the Borough. To assist the Borough Clerk and Chief Financial Officer, the Borough also employs a Tax Collector and several other support personnel.

### **Transportation**

Numerous major thoroughfares provide easy access to the Borough. Interstate 295 and the New Jersey Turnpike both exit in and around the Borough. State highways 551 and 538 bisect the Borough.

### **Water and Sewer**

Water and sewer facilities are Borough owned, and managed by a Committee of the Borough Council.

### **Police**

Police coverage is provided by the Woolwich Township Police Department through an inter-local services agreement between the Borough and Township.

## **Fire Protection and Ambulance Services**

Fire protection is provided through a consolidated fire company, which serves the Borough and Township of Woolwich. The consolidated fire company operates two stations, which are located in the Borough and the Township. The consolidated fire company is an all-volunteer organization that is equipped with modern firefighting apparatus.

There is twenty-four hour ambulance service provided through the Gloucester County EMS Program.

## **Public Works**

The Borough also maintains a full service Public Works Department. The Public Works Department is responsible for water and sewer operation and the maintenance and repair of local roads and recreational areas.

## **Library**

Swedesboro Public Library is one of the oldest libraries in New Jersey, established in 1783 and incorporated in 1937. The library was originally housed at the Trinity Episcopal Church. After several moves, the library settled into its current location, the Swedesboro Trust Company building that was donated by Edgar Hurff, in October of 1944. The Swedesboro Public Library became a branch of Gloucester County Library System in 2005.

The Swedesboro Branch Library is located at 1442 Kings Highway, at the junction of Kings Highway and Auburn Road, Swedesboro.

## **Parks and Recreation**

There are several recreation areas including two centrally located parks, seven ball fields and two playgrounds.

## **Health Care**

There are no major health care facilities located in the Borough. Two (2) major hospitals, however, are located in the County of Gloucester. Inspira Medical Center is a state-of-the-art medical center located in Mullica Hill, which is approximately ten (10) miles from the Borough. It offers 210 private patient rooms and a full range of services, including cardiology, cancer care, emergency room services, maternity, robotics & smart technology, and surgery and orthopedics. Inspira Health Center located in Woodbury City, New Jersey offers 24/7 satellite emergency room services, inpatient and outpatient behavioral health services, and outpatient services including imaging and lab.

Jefferson Hospital, Washington Township Division – who recently formed a partnership with the nationally acclaimed Sidney Kimmel Cancer Network, has for the past 37 years, evolved to 230 acute care beds, a 190 bed long-term facility. Also providing multiple ambulatory services, and offers 24-hour emergency services, inpatient and outpatient services and diagnostic programs. In addition, Kennedy houses Gloucester County's only Level 3 Neonatal Intensive Care Unit (NICU), providing life-saving care for the most fragile infants. Kennedy is poised to begin two major construction projects in the Washington Township campus representing a \$225-million investment in the community. The two-phase project will feature an enclosed parked facility with 700 spaces, and an 180,000 square-foot, multi-level patient tower with all-private patient rooms. The new patient tower is estimated for completion in 2020. The construction will provide \$170 million direct, and an estimated \$200 million indirect investment in community while providing more than 2,200 construction jobs.

## **Financial Institutions**

The Fulton Bank is located on Kings Highway, adjacent to Kingsway Regional High School. Franklin Savings Bank is located at the intersection of Center Square Road and Auburn Road.

## **Growth and Development**

Swedesboro is aggressively pursuing new commercial development through the implementation of a redevelopment zone in the downtown business district, the introduction of a tax abatement policy, a streamlining of the site plan approval process and the creation of an active, aggressive Economic Development Committee.

The Fish & Calatozza and Swedes Plaza shopping centers have added more than 25 new businesses over the last several years on the southern end of town.

The downtown business district continues to thrive and adds new businesses on a regular basis.

The new businesses opening in the Swedesboro Business District complement the existing fine restaurants, casual dining and retail establishments in the Downtown Area and the recent Streetscape Project has created a pedestrian friendly atmosphere that has made Swedesboro a destination location for out of town shoppers.

Swedesboro has also embarked on a bold project in the downtown area in which the Borough has acquired several vacant lots and is consolidating them into one marketable property for a selected developer. The final project is envisioned to create additional retail and residential units and also includes an area of municipal parking.

The Swedesboro Economic Development Committee has become a model in Gloucester County for creating events designed to bring new and diverse customers into the Downtown Business District. Events such as Jazz Festivals throughout the year", the "Outdoor Living and Garden Show" and the "Dancing in the Streets Venues" have drawn thousands of people in support of the local businesses.

The annual Swedesboro - Woolwich Day event consistently draws over 8,000 people into town for an all-day event designed to showcase the downtown businesses and the Town, and was named Gloucester County's "Best Town Event" in 2008.

Recently constructed and approved residential projects include over 300 new homes in the Borough. This represents a 45% increase in Borough housing units. This tremendous increase in population coupled with the significant development in surrounding communities has created an outstanding opportunity for commercial development in Swedesboro and this opportunity is being pursued aggressively.

## **Borough Employees**

**As of May 2020**

Total

20

## **Employee Collective Bargaining Units**

The Public Works Department is represented by the Teamsters Union and have an approved contract through December 31, 2022.

## Compensated Absences

Public Works Department – By contract, employees are not allowed to accrue vacation time. The sick pay policy dictates that each eligible employee shall be entitled to twelve (12) days of sick leave without loss of pay. Unused sick days can be carried forward up to a maximum of 30 days.

Non-contract Employees - Full-time employees are entitled to paid sick and vacation leave days each year based on the number of years of service. Sick and vacation days not used during the year may not be accumulated and carried forward unless authorized by the Borough Council. For additional information regarding compensated absences see Appendix B: 2018 Audited Financial Statements, Note 10.

## Pension Plans

Those Borough employees who are eligible for pension coverage are enrolled in the PERS pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans see Appendix B: 2018 Audited Financial Statements, Note 8.

## Borough Population (1)

2010 Federal Census	2,584
2000 Federal Census	2,055
1990 Federal Census	2,015
1980 Federal Census	2,031
1970 Federal Census	2,287

## Selected 2017 Data for the Borough (1)

Median household income	\$ 76,406
Median family income	\$ 85,125
Per capita income	\$ 28,685

## Labor Force (2)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Borough</b>					
Labor Force	1,431	1,419	1,431	1,432	1,426
Employment	1,382	1,358	1,365	1,361	1,349
Unemployment	49	61	66	71	77
Unemployment Rate	3.4%	4.3%	4.6%	5.0%	5.4%
<b>County</b>					
Labor Force	149,747	147,928	149,033	151,000	149,442
Employment	144,238	141,729	141,994	143,400	140,225
Unemployment	5,509	6,199	7,039	7,583	9,208
Unemployment Rate	3.7%	4.2%	4.7%	5.0%	6.2%
<b>State</b>					
Labor Force	4,493,100	4,432,500	4,454,700	4,559,375	4,543,817
Employment	4,333,300	4,250,800	4,248,700	4,336,358	4,277,317
Unemployment	159,800	181,700	205,900	222,983	266,525
Unemployment Rate	3.6%	4.1%	4.6%	4.9%	5.9%

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

(2) Source: New Jersey Department of Labor

## TEN LARGEST EMPLOYERS IN THE COUNTY(1)

<u>Employer</u>	<u>Nature of Business</u>	<u>Location</u>	<u>Number of Employees</u>
Inspira Health Network	Hospital	Woodbury	1,825
Jefferson Health	Hospital	Turnersville	1,675
Rowan University	University	Glassboro	1,483
Missa Bay, LLC	Food Processing	Swedesboro	950
U.S. Food Service	Food Service	Bridgeport	725
Exxonmobil Research & Engineering Co.	Research	Paulsboro	540
LaBrea Bakery	Bakery	Swedesboro	525
Delaware Valley Wholesale Florist	Florist	Sewell	500
Drugstore.com	Pharmacy/Drug Store	Swedesboro	450
Heritage Dairy Store	Retailer of Groceries	Thorofare	450

### Building, Zoning and Development Codes

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

The Borough's building codes conform to standards of the State Uniform Construction Code. These codes and other Municipal Codes are codified as a basis for improved administration and regulation.

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

### Building Permits Issued (2)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020 (3)	39	\$ 390,101
2019	111	1,224,016
2018	128	1,775,167
2017	201	1,781,398
2016	156	1,256,394
2015	145	1,726,921

(1) Source: County officials

(2) Source: Borough's Construction Official

(3) As of June 3, 2020



## EDUCATION (1)

### Primary and Secondary

The Swedesboro-Woolwich Consolidated School District is a Type II Limited Purpose Regional District that serves the Borough of Swedesboro and the Township of Woolwich, and was formed pursuant to Chapter 13 of Title 18A of the New Jersey Statutes, which authorizes two or more municipalities to create a regional school district upon the approval of the voters of each municipality.

The Board of Education for the Swedesboro-Woolwich Consolidated School District consists of nine (9) members, three (3) members elected each year for a three (3) year term. The Board of Education manages its operations with a Superintendent of Schools, who is responsible for all operations of the school system. In addition, the School Business Administrator is responsible for the financial, facilities, transportation and food service aspects of the system.

The Kingsway Regional High School District is a Type II Limited Purpose Regional District that serves the Borough of Swedesboro, Township of East Greenwich, Township of South Harrison and the Township of Woolwich. In addition, the Kingsway Regional High School District receives students from the Township of Logan on a tuition basis. The school facilities are located in the Township of Woolwich. The Kingsway Regional High School District, was formed pursuant to Chapter 13 of Title 18A of the New Jersey Statutes, which authorizes two or more municipalities to create a regional school district upon the approval of the voters of each municipality.

The Board of Education, for the Kingsway Regional High School District consists of nine (9) members, three (3) members elected each year for a three (3) year term. Additionally, one (1) sending district member is appointed annually. The Board of Education manages its operations with a Superintendent of Schools, who is responsible for all operations of the school system. In addition, the School Business Administrator is responsible for the financial, facilities, transportation and food service aspects of the system.

### SWEDESBORO-WOOLWICH SCHOOL DISTRICT SCHOOL ENROLLMENTS (1)(2)

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Half-Day Pre-K	14	18	20	19	14
K	170	177	178	178	169
1	186	198	192	192	180
2	184	183	183	166	199
3	186	193	159	202	223
4	197	165	198	222	218
5	162	203	230	220	209
6	219	230	216	208	218
Spec. Ed.	269	264	281	281	284
<u>Totals</u>	<u>1587</u>	<u>1631</u>	<u>1657</u>	<u>1688</u>	<u>1714</u>

(1) Source: School District Officials

(2) As of October 15 in each respective year.

## PRESENT SCHOOL FACILITIES

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>
General Charles G. Harker School	2008	----	3-5
Gov. Charles C. Stratton School	2004	----	1-2
Margaret C. Clifford E.S	1996	2002	Kindergarten
Walter H. Hill E.S	1922	1987 / 2003	6

## KINGSWAY REGIONAL HIGH SCHOOL DISTRICT(1)(2) SCHOOL ENROLLMENTS October 15,

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
7	58	46	40	46	34
8	63	42	46	30	46
9	71	48	25	45	39
10	54	31	56	41	38
11	53	61	40	33	57
12	62	47	32	56	37
<u>Totals</u>	<u>361</u>	<u>275</u>	<u>239</u>	<u>251</u>	<u>251</u>

## HIGHER EDUCATION FACILITIES

### Rowan College at South Jersey

Rowan College of South Jersey formed on July 1, 2019 as the result of a historic jointure of two community colleges – Cumberland County College and Rowan College at Gloucester. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is the first partnership of its kind in New Jersey, with more than 100 years of combined experience in delivering affordable, quality education to students throughout the region.

Rowan College of South Jersey provides students with more choices, including the option to pursue advanced degrees at Rowan University and other four-year universities, without ever leaving the Rowan College of South Jersey campuses. It serves more than 10,000 full- and part-time students with degree and workforce development programs on campuses in Cumberland and Gloucester Counties. Together these two campuses offer more than 120 unique degrees and certificates, combining 100 years of experience to provide a variety of degree selections, cost-saving initiatives, and scholarship and internship opportunities, at one of the lowest tuition rates in the State.

(1) Source: Regional District Officials.

(2) Swedesboro Borough students only.

The merger of these two community colleges, in conjunction with an expanded 10-year premier partnership agreement with Rowan University, leads the way to a future filled with diverse and one-of-a-kind educational opportunities. Students seeking can take classes and save money with high school dual enrollment programs, including "Rowan High School Start" and the High School Option Program (HSOP); two successful collaborations between Rowan College of South Jersey and local high schools. Through exclusive programs like Rowan Choice and "3+1" degree offerings, the education cost savings are substantial and students can easily transition to Rowan University for a bachelor's degree. Academic and workforce-training programs ensure the availability of skilled employees, answering both professional and community needs.

The exciting connection between education, business and labor also extends into the medical field. The 27 miles along Route 55 between Rowan College of South Jersey's Gloucester and Cumberland campuses integrates education, medical services and commerce to establish South Jersey's first EDs, MEDs & Commerce Corridor. The premier partnership with Rowan University — a research university with two medical schools — and future campus construction intended to house both public and private medical, labor and business entities, will continue to increase the academic advantages for students while benefitting economic development in the South Jersey region.

### **Rowan University (1)**

Rowan University ("University") is a public national research university located in Glassboro, Camden and Stratford, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,500 students an outstanding education at an exceptional value.

The University is comprised of seven academic colleges and five schools, including the William G. Rohrer College of Business; the Henry M. Rowan College of Engineering; the Colleges of Communication and Creative Arts, Education, Humanities and Social Sciences, Performing Arts, and Science and Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Health Professions; and the School of Earth and Environment, along with an Honors College. Rowan's Division of Global Learning and Partnerships offers flexible undergraduate and graduate programs on campus and off site — including at two area community colleges — and online. Within these colleges and schools the University offers more than 75 bachelor's degrees, 44 master's degrees, six doctoral degrees (Ed.D. and Ph.D.) and two professional degrees.

Rowan is one of three universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. U.S. News & World Report, in its "Best Colleges 2020" special edition, ranked Rowan University #79 among public universities and #166 among all National Universities. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 139 of more than 4,300 colleges and universities across the country with that distinction.

The State of New Jersey ("State") recognizes the University as a comprehensive research university and as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State.

## **Gloucester County Institute of Technology**

The Gloucester County Institute of Technology ("Institute") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, and adults who seek educational opportunities that lead to employment or higher education. The Institute also provides programming for secondary students who wish to continue to higher education through Tech Prep matriculation agreements with various county colleges and four-year institutions.

As of June 30, 2019, there was approximately 1,406 students enrolled in the Institute's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

In addition to its day school enrollment, the Institute serves an average of 4,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. Junior Olympics swim team of 175 members; and (vi) the joint auto technology program with Rowan College serving 40 adult students in an AAS degree program.

## **Gloucester County Special Services School District**

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of June 2019, was approximately 610 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade six (6).

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities. Together, they can promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill based instruction to develop each student's social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend BDC. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, GCSSSD provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

GCSSSD also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

## CERTAIN TAX INFORMATION

### TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
Swedes Development LLC	Strip Center (Office and Medical Building)	\$ 3,789,200
D & D Properties of Swedesboro Inc.	Commercial Stores	2,823,500
R & R Real Estate LLC	Landlord for Apartments and Houses	1,703,100
Bianco, James K Trustee	Ron Son Foods (Nat'l Food Importer)	1,660,000
Russo Rentals LLC	Office/Landlord for Apartments	1,505,600
Botto Sons LLC	Grocery Store & Banquet Hall	1,389,700
Swedesboro Housing LTD Partnership	Apartments	1,275,000
Green Bucket LLC	Landlord	1,196,500
GI Advo Propco LLC	Stores and Offices	1,176,300
Raccoon Creek LLC	Warehousing	950,000

### CURRENT TAX COLLECTIONS (2)

<u>Year</u>		<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	(3) \$	6,905,477	\$ 6,701,467	97.05%	\$ 181,536	2.63%
2018		6,986,839	6,710,160	96.04%	251,620	3.60%
2017		6,933,030	6,673,497	96.26%	210,993	3.04%
2016		6,914,343	6,605,955	95.54%	288,829	4.18%
2015		6,801,509	6,504,634	95.64%	289,418	4.26%

(1) Source: Tax Assessor

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

(3) Information from Annual Compiled Financial Statement

### DELINQUENT TAXES (1)

<u>Year</u>		<u>Outstanding</u> <u>Jan. 1</u>	<u>Added</u>	<u>Collected</u> <u>Amount</u>	<u>Percentage</u>	<u>Transferred</u> <u>to Liens</u>	<u>Other</u> <u>Credits</u>	<u>Outstanding</u> <u>Dec. 31</u>
2019	(2) \$	251,620	\$ 6,900	\$ 251,870	97.43%	\$ -	\$ -	\$ 6,650
2018		210,993	250	211,023	99.90%		220	-
2017		288,829	-	279,648	96.82%	6,890	2,291	-
2016		289,418	-	274,837	94.96%	-	2,377	12,204
2015		298,483	5,328	291,178	95.84%	425	-	12,208

### TAX TITLE LIENS (1)

<u>Year</u>		<u>Balance</u> <u>Jan. 1</u>	<u>Added by</u> <u>Sales and</u> <u>Transfers</u>	<u>Collected</u>	<u>Cancellations/</u> <u>Foreclosures</u>	<u>Balance</u> <u>Dec. 31</u>
2019	(2) \$	49,820	\$ 7,211	\$ -	\$ -	\$ 57,031
2018		118,580	11,199	79,959	-	49,820
2017		84,416	34,164	-	-	118,580
2016		61,298	23,118	-	-	84,416
2015		52,462	15,036	6,200	-	61,298

### FORECLOSED PROPERTY(1)(3)

<u>Year</u>		<u>Balance</u> <u>Jan. 1</u>	<u>Added By</u> <u>Transfer</u>	<u>Adjustment</u> <u>to Assessed</u> <u>Valuation</u>	<u>Adjustments</u>	<u>Balance</u> <u>Dec. 31</u>
2019	(2) \$	231,000	\$ -	\$ -	\$ -	\$ 231,000
2018		231,000	-	-	-	231,000
2017		231,000	-	-	-	231,000
2016		231,000	-	-	-	231,000
2015		231,000	-	-	-	231,000

### CURRENT WATER AND SEWER COLLECTIONS(1)

<u>Year</u>		<u>Beginning</u> <u>Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
				<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	(2) \$	5,836	\$ 1,102,751	\$ 1,099,893	99.22%	\$ 5,483	0.49%
2018		8,371	1,116,942	1,127,825	100.22%	5,836	0.52%
2017		21,224	1,116,310	1,124,699	98.87%	8,371	0.74%
2016		16,611	1,124,223	1,112,135	97.48%	21,224	1.86%
2015		15,986	1,145,685	1,142,219	98.33%	16,611	1.43%

- (1) Source: Annual Reports of Audit, unless otherwise noted  
(2) Information from Annual Compiled Financial Statement  
(3) Source: Tax Assessor

**NET ASSESSED VALUATIONS AND  
ANNUAL TAX RATES (1)**

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>					<u>County Open Space</u>	<u>Local School</u>	<u>Regional High School</u>
		<u>Total Rate</u>	<u>Municipal</u>	<u>County</u>	<u>County Library</u>				
2020	\$ 172,167,600	\$4.036	\$1.067	\$0.665	\$0.047	\$0.041	\$1.323	\$0.893	
2019	173,087,400	3.988	1.034	0.662	0.047	0.041	1.356	0.848	
2018	172,856,900	4.027	0.995	0.659	0.049	0.042	1.417	0.865	
2017	172,331,900	4.005	0.971	0.648	0.049	0.041	1.408	0.888	
2016	172,468,500	4.001	0.950	0.654	0.051	0.043	1.384	0.919	

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (4)</u>
2020	\$ 172,167,600	95.59%	\$ 180,110,472	\$ 69,702
2019	173,087,400	95.59%	181,072,706	70,075
2018	172,856,900	98.65%	175,222,402	67,811
2017	172,331,900	98.42%	175,098,456	67,763
2016	172,468,500	98.84%	174,492,614	67,528

**REAL PROPERTY CLASSIFICATION (5)**

<u>Year</u>	<u>Assessed Value of Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farmland</u>
2020	\$ 172,167,600	\$ 1,195,200	\$ 135,437,800	\$ 29,918,300	\$3,273,800	\$ 2,330,700	\$ 11,800
2019	173,087,400	1,251,300	136,121,800	30,095,400	3,273,800	2,330,700	14,400
2018	172,856,900	1,121,900	136,004,700	30,111,400	3,273,800	2,330,700	14,400
2017	172,331,900	1,200,000	135,946,700	29,555,400	3,273,800	2,330,700	25,300
2016	172,468,500	1,225,500	136,021,000	29,592,200	3,273,800	2,330,700	25,300

(1) Source: Borough Tax Collector

(2) Per \$100 of assessed valuation

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

(4) Based on Federal Census 2010 of 2,584

(5) Source: County Tax Assessor

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

The following table summarizes the direct debt of the Borough as of December 31, 2019, in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General , and Sewer and Water Fund. Deductions from gross debt to arrive at net debt include local and regional school district debt, and debt considered to be self-liquidating. The resulting net debt of \$2,747,716 represents 1.551% of the average of equalized valuations for the Borough for the last three years, of \$177,131,188, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Gross Debt	Deductions			Net Debt
	<u>Bonds/Loans</u>	<u>Notes</u>		<u>School District</u>	<u>Other</u>	<u>Self Liquidating</u>	
General	\$ 2,787,716		\$ 2,787,716		\$ 40,000		\$ 2,747,716
School - Local	3,782,987		3,782,987	\$ 3,782,987			
School - Regional	1,986,811		1,986,811	1,986,811			
Water and Sewer Utility	1,449,000		1,449,000			\$ 1,449,000	
	<u>\$ 10,006,514</u>	<u>\$ -</u>	<u>\$ 10,006,514</u>	<u>\$ 5,769,798</u>	<u>\$ 40,000</u>	<u>\$ 1,449,000</u>	<u>\$ 2,747,716</u>

Source: Annual Debt Statement



### DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$ 177,131,188
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	1.551%
2019 Net Valuation Taxable	\$ 173,087,400
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 175,456,057
Gross Debt (2)	
As a Percentage of 2019 Net Valuation Taxable	5.78%
As a Percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	5.70%
Net Debt (2)	
As a Percentage of 2019 Net Valuation Taxable	1.59%
As a Percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	1.57%
Gross Debt per Capita (3)	\$ 3,872
Net Debt per Capita (3)	\$ 1,063

### BOROUGH BORROWING CAPACITY(1)

3.5% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$177,131,188)	\$ 6,199,592
Net Debt	<u>(2,747,716)</u>
Remaining Borrowing Capacity	<u>\$ 3,451,876</u>

### LOCAL SCHOOL BORROWING CAPACITY(1)

2.5% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$1,476,332,325)	\$ 36,908,308
Local School Debt (4)	<u>(31,530,000)</u>
Remaining Borrowing Capacity	<u>\$ 5,378,308</u>

### REGIONAL HIGH SCHOOL DISTRICT(1)

3% of Averaged (2017-19) Equalized Valuation of Real Property Including Improvements (\$3,063,226,549)	\$ 91,896,796
Regional High School Debt (5)	<u>(34,359,000)</u>
Remaining Borrowing Capacity	<u>\$ 57,537,796</u>

(1) As of December 31, 2019

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 2,584

(4) Debt portion allocated to the Borough \$3,782,987

(5) Debt portion allocated to the Borough \$1,986,810

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

<b>DEBT ISSUED</b>					<b>Debt Auth. but not Issued</b>
<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>		
County of Gloucester(1):					
General	\$ 238,747,000	\$ 13,868,446 (2)	\$ 224,878,554	\$ 1,474,986 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	192,032,966	192,032,966 (3)	-		
	<u>\$ 430,779,966</u>	<u>\$ 205,901,412</u>	<u>\$ 224,878,554</u>	<u>\$ 1,474,986</u>	<u>\$ -</u>

(1) Source: County's Annual Debt Statement.

(2) Includes Reserve for Payment of Debt and County College 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 0.66%.

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

Year Ended Dec. 31,	General - Existing (1)			Water and Sewer Utility Bonds - Existing (1)			Grand Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$ 229,098	\$ 81,059	\$ 310,157	\$ 100,000	\$ 56,473	\$ 156,473	\$ 466,630
2021	229,618	74,801	304,419	100,000	52,848	152,848	457,267
2022	250,000	67,930	317,930	120,000	48,573	168,573	486,503
2023	255,000	60,480	315,480	120,000	43,773	163,773	479,253
2024	260,000	52,930	312,930	130,000	38,773	168,773	481,703
2025	265,000	45,280	310,280	130,000	33,573	163,573	473,853
2026	290,000	37,130	327,130	130,000	28,373	158,373	485,503
2027	290,000	28,443	318,443	150,000	22,679	172,679	491,121
2028	290,000	19,574	309,574	150,000	16,491	166,491	476,065
2029	290,000	10,500	300,500	160,000	10,078	170,078	470,578
2030	139,000	2,954	141,954	159,000	3,379	162,379	304,333
	<u>\$ 2,787,716</u>	<u>\$ 481,080</u>	<u>\$ 3,268,796</u>	<u>\$ 1,449,000</u>	<u>\$ 355,009</u>	<u>\$ 1,804,009</u>	<u>\$ 5,072,805</u>

(1) As of December 31, 2019

Source: Borough Auditor

**BOROUGH OF SWEDESBORO**  
2020 MUNICIPAL BUDGET (1)

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**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$ 166,500
Miscellaneous Revenues:	
Local Revenues	83,500
State Aid without Offsetting Appropriations	259,353
Public and Private Programs Offset with Appropriations	278,129
Other Special Items of Revenue	54,826
Receipts from Delinquent Taxes	200,000
Amount to be Raised by Taxation for Municipal Purposes	<u>1,837,866</u>

Total Anticipated Revenues	<u><u>\$ 2,880,174</u></u>
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Appropriations:	
Within CAPS:	
Operations	\$ 1,131,160
Deferred Charges and Statutory Expenditures	83,462
Excluded from CAPS:	
Other Operations	2,000
Shared Service Agreements	670,500
Public and Private Programs	280,729
Capital Improvements	161,500
Debt Service	310,230
Transferred to Board of Education	18,069
Reserve for Uncollected Taxes	<u>222,524</u>

Total Appropriations	<u><u>\$ 2,880,174</u></u>
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**WATER AND SEWER UTILITY FUND**

Anticipated Revenues:	
Fund Balance	\$ 102,669
Rents	1,200,000
Miscellaneous	<u>40,000</u>

Total Anticipated Revenues	<u><u>\$ 1,342,669</u></u>
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Appropriations:	
Operating	\$ 1,020,900
Capital Improvements	130,671
Debt Service	155,598
Statutory Expenditures	<u>35,500</u>

Total Appropriations	<u><u>\$ 1,342,669</u></u>
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(1) As adopted June 17, 2020

**BOROUGH OF SWEDSBORO  
CAPITAL PROGRAM  
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2022 (1)**

		<b>Budget Appropriations</b>		<b>Capital</b>	<b>Bonds and Notes</b>	
	<b>Estimated Total Cost</b>	<b>Current Year</b>	<b>Future Years</b>	<b>Improvement Fund</b>	<b>General</b>	<b>Self Liquidating</b>
<b>General Capital:</b>						
Fire Company Equipment	\$ 50,000	\$ 50,000				
Improvement to Borough Hall	7,500	7,500				
Improvement to Sidewalks	25,000	25,000				
Purchase Equipment - DPW	27,000	27,000				
Repair Manhole Lids and Fire Hydrant	37,000	37,000				
Rehabilitation of Narraticon Lake Dam	275,000			\$ 15,000	\$ 260,000	
Intrapac Building Replacement	100,000		\$ 5,000		95,000	
Total--General Capital	521,500	146,500	5,000	15,000	355,000	-
<b>Water and Sewer Fund:</b>						
Regional Sewer Project	1,200,000					\$ 1,200,000
Sewer Infrastructure Improvements	2,000,000					2,000,000
10,000 gal Equalized Tank	500,000					500,000
Total--Water and Sewer Fund	3,700,000	-	-	-	-	3,700,000
Totals--All Projects	\$ 4,221,500	\$ 146,500	\$ 5,000	\$ 15,000	\$ 355,000	\$ 3,700,000

(1) As adopted June 15, 2020

**APPENDIX B**

**COMPILED AND AUDITED FINANCIAL STATEMENTS  
OF THE BOROUGH OF SWEDESBORO**

**FOR THE YEAR ENDED 2019**  
**COMPILED FINANCIAL STATEMENTS**

## **INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Swedesboro  
Swedesboro, New Jersey 08085

Management is responsible for the accompanying financial statements of the Borough of Swedesboro, in the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2019 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Respectfully submitted,

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

/s/ Carol A McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
February 24, 2020



**BOROUGH OF SWEDESBORO**  
**CURRENT FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2019

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**ASSETS**

Cash	\$ 1,368,603
Cash - Change Fund	100
Federal, State and Other Grant Fund:	
Federal and State Grants Receivable	169,286
Receivables with Full Reserves:	
Delinquent Property Taxes Receivable	188,186
Miscellaneous Title Liens Receivable	1,993
Tax Title Liens Receivable	57,031
Property Acquired for Taxes--Assessed Valuation	231,000
Revenue Accounts Receivable	500
Interfunds Receivable	61,124
Prepaid Local School District Tax	48,583
	<hr/>
	\$ 2,126,406
	<hr/>

**LIABILITIES, RESERVES AND FUND BALANCE**

Appropriation Reserves	\$ 153,577
Reserve for Encumbrances	64,334
Due to State of New Jersey - Veterans and Senior Citizens Deductions	2,215
Prepaid Taxes	134,003
Interfunds Payable	6,786
Due County for Added and Omitted Taxes	517
Reserve for Peddler's Licenses Cash Bond	400
Tax Overpayments	749
Reserve for Receivables and Other Assets	588,416
Reserve for Federal and State Grants:	
Appropriated	49,090
Reserve for Encumbrances	59,082
Due to Current Fund	61,114
Fund Balance	1,006,123
	<hr/>
	\$ 2,126,406
	<hr/>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**  
**CURRENT FUND**  
Statement of Operations and Changes in Fund Balance - Regulatory Basis  
For the Year Ended December 31, 2019

Revenue Realized:	
Current Tax Collections	\$ 6,701,467
Delinquent Tax Collections	251,870
	<u>6,953,337</u>
Total Taxes	6,953,337
Miscellaneous Revenues Anticipated	679,320
Other Credits to Income	157,942
Non-Budget Revenues	29,046
Fund Balance Utilized	180,000
	<u>7,999,645</u>
Total Income	
Expenditures:	
Budget and Emergency Appropriations:	
Appropriations Within "CAPS":	
Salaries and Wages	205,140
Other Expenses	889,394
Deferred Charges and Statutory	
Expenditures	90,710
Appropriations Excluded from "CAPS":	
Other Expenses	947,491
Capital Improvements	130,000
Municipal Debt Service	305,957
Transferred to Boards of Education	18,532
County Taxes	1,144,840
County Library Taxes	81,115
County Open Space Taxes	70,531
Due County for Added and Omitted Taxes	517
Local District School Tax	2,346,821
Regional High School Tax	1,468,620
Prior Year Senior Citizen Disallowed	250
Interfunds Created	105,667
	<u>7,805,585</u>
Total Expenditures and	
Encumbrances	7,805,585
Excess in Revenues	194,060
Fund Balance Beginning of Year	992,063
	<u>1,186,123</u>
Decreased by:	
Utilized as Revenue	180,000
	<u>180,000</u>
Fund Balance Ending of Year	<u><u>\$ 1,006,123</u></u>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2019

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**ASSETS**

Cash	\$ 341,880
Grants Receivable	40,000
Deferred Charges to Future Taxation: Funded	<u>2,787,716</u>
	<u><u>\$ 3,169,596</u></u>

**LIABILITIES, RESERVES AND FUND  
BALANCE**

General Serial Bonds	\$ 2,774,000
Green Trust Loan Payable	13,716
Improvement Authorizations: Funded	250,076
Reserve for Encumbrances	6,176
Reserve for Restoration of Dam Project	11,249
Reserve for Improvements to Borough Hall	376
Reserve for Payment of Debt Service	40,000
Reserve for Federal State and Other Grants Receivable	40,000
Capital Improvement Fund	<u>34,003</u>
	<u><u>\$ 3,169,596</u></u>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**  
**WATER AND SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2019

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**ASSETS**

Operating Fund:

Cash - Chief Financial Officer	\$ 340,410
Change Fund	50
Interfunds Receivable	<u>6,786</u>
	<u>347,246</u>

Receivables with Full Reserves:

Consumer Accounts Receivable	5,483
Utility Liens Receivable	<u>10,760</u>
	<u>16,243</u>

Total Operating Fund	<u>363,489</u>
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Capital Fund:

Cash	180,985
Due from General Capital Fund	
Fixed Capital	6,729,582
Fixed Capital Authorized and Uncompleted	<u>134,750</u>

Total Capital Fund	<u>7,045,317</u>
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	<u><u>\$ 7,408,806</u></u>
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(Continued)

**BOROUGH OF SWEDESBORO**  
**WATER AND SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2019

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**LIABILITIES, RESERVES AND  
FUND BALANCE**

Operating Fund:	
Appropriation Reserves	\$ 80,387
Encumbrances Payable	11,957
Utility Rent Overpayments	1,725
Prepaid Utility	91,230
Accrued Interest on Bonds, Notes and Loans	14,556
	<hr/>
	199,855
Reserve for Receivables	16,243
Fund Balance	147,391
	<hr/>
Total Operating Fund	363,489
	<hr/>
Capital Fund:	
Serial Bonds Payable	1,449,000
Improvement Authorizations:	
Funded	118,972
Reserve for Encumbrances	8,807
Reserve for Amortization	5,285,582
Capital Improvement Fund	49,850
Deferred Reserve for Amortization	129,750
Capital Improvement Fund	3,356
	<hr/>
Total Capital Fund	7,045,317
	<hr/>
	\$ 7,408,806
	<hr/>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**  
**WATER AND SEWER UTILITY FUND**  
Statement of Operations and Changes in Fund Balance--Regulatory Basis  
For the Year Ended December 31, 2019

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Revenue and Other Income Realized:

Fund Balance Utilized	\$ 83,720
Rents	1,099,893
Miscellaneous Revenue Anticipated	46,929
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	<u>8,992</u>
Total Income	<u>1,239,534</u>

Expenditures:

Operating	963,350
Capital Improvements	61,170
Debt Service	159,098
Deferred Charges and Statutory Expenditures	<u>34,200</u>
Total Expenditures	<u>1,217,818</u>

Excess in Revenues	21,716
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Fund Balance Beginning of Year	<u>209,395</u>
	231,111

Decreased by:

Utilized as Revenue	<u>83,720</u>
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Fund Balance End of Year	<u><u>\$ 147,391</u></u>
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See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**  
**TRUST UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis  
As of December 31, 2019

**ASSETS**

Animal Control Fund:	
Cash - Chief Financial Officer	\$ 2,718
	<u>2,718</u>
Other Funds:	
Cash - Chief Financial Officer	61,882
Cash - Tax Collector	137,200
Cash - Other	111,324
Mortgage Loans Receivable	113,295
	<u>423,701</u>
	<u><u>\$ 426,419</u></u>

**LIABILITIES, RESERVES AND FUND BALANCE**

Animal Control Fund:	
Due to Current Fund	\$ 2,718
	<u>2,718</u>
Other Funds:	
Due to State of New Jersey:	
Marriage and Civil Union License Fees	100
Hunting and Fishing Licenses	1,822
Interfunds Payable	10
Miscellaneous Trust Reserves and Escrows	
Tax Sale Premiums	137,200
Municipal Alliance Donations - Municipal	23,117
Recreation Purposes (Developers Donations)	3,985
Economic Development	14,875
Street Opening Permits	1,210
Snow Removal Appropriations	4,885
Performance Guarantee	4,077
Payroll Deductions Payable	602
Miscellaneous Trust Reserves and Escrows - Other:	
COAH	2,444
Redevelopment's Escrow	78,901
Developer's Escrow Funds	26,939
Reserve for Loan Rehabilitation Program	10,239
Reserve for Mortgage Loans Receivable	113,295
	<u>423,701</u>
	<u><u>\$ 426,419</u></u>

See Independent Accountant's Compilation Report and selected notes.

**BOROUGH OF SWEDESBORO**

Selected Information – Substantially All Disclosures Required  
By the Regulatory Basis of Accounting Have Been Omitted  
For the Year Ended December 31, 2019

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

**Description of Financial Reporting Entity** - The Borough of Swedesboro is located in the central part of Gloucester County, New Jersey. The Borough is located approximately twenty-five (25) miles southeast of Philadelphia, Pennsylvania, approximately fifty (50) miles west of Atlantic City and one hundred (100) miles south of New York City. The Borough is a separate governmental entity .77 square miles in size and is encircled by the Township of Woolwich. The present population according to the 2010 census is 2,584.

The Borough has a Mayor-Council form of government in accordance with N.J.S.A. 40A:60-1. The Mayor is separately elected every four years. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk. The daily operations of the Borough are supervised by the Borough Clerk who also serves as the Business Administrator of the Borough.

**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.

**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.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the 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 Gloucester, the Swedesboro-Woolwich School District, and the Kingsway Regional School District. 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 Swedesboro Woolwich School District and the Kingsway Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the school districts for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

**FOR THE YEARS ENDED 2018, 2017, 2016, 2015 AND  
2014 AUDITED FINANCIAL STATEMENTS**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Swedesboro  
Swedesboro, New Jersey 08085

### **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 Swedesboro, in the County of Gloucester, 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 Swedesboro, in the County of Gloucester, 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*

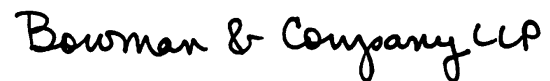
In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Swedesboro, in the County of Gloucester, State of New Jersey, as of December 31, 2018, 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 9). 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,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Carol A. McAllister  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
August 7, 2019

**BOROUGH OF SWEDESBORO**  
**CURRENT FUND**

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash	\$ 1,399,929	\$ 1,428,460	\$ 1,343,192	\$ 1,410,992	\$ 1,370,246
Cash - Change Fund	100	100	100	100	100
Deposit on Purchased of Land - Glen Echo			1,000		
Federal, State and Other Grant Fund:					
Federal and State Grants Receivable	210,285	12,536	53,020	63,357	198,357
Due to Current Fund	26,611	53,084		136,505	
Receivables with Full Reserves:					
Delinquent Property Taxes Receivable	251,620	210,993	288,829	289,418	298,483
Miscellaneous Title Liens Receivable	564	1,418	85	2,448	
Tax Title Liens Receivable	49,820	118,580	84,415	61,298	52,462
Property Acquired for Taxes--Assessed Valuation	231,000	231,000	231,000	231,000	231,000
Revenue Accounts Receivable	500	500			
Interfunds Receivable	4,041	2,045	13,258	16,588	361
Prepaid Local School District Tax		9,000	406	15,602	
	<u>\$ 2,174,470</u>	<u>\$ 2,067,716</u>	<u>\$ 2,015,305</u>	<u>\$ 2,227,308</u>	<u>\$ 2,151,009</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Appropriation Reserves	\$ 208,383	\$ 119,579	\$ 118,716	\$ 156,741	\$ 152,209
Accounts Payable	1,292	9,763			8,006
Reserve for Encumbrances	69,246	47,244	84,497	12,305	31,322
Due to State of New Jersey - Veterans and Senior Citizens Deductions	1,715	1,215	825	965	566
Prepaid Taxes	78,235	118,898	54,610	55,772	45,237
Interfunds Payable	39,678	53,084		136,505	
Local District Taxes Payable	2,548				
Due County for Added and Omitted Taxes	4,802	5,031	2,179	3,871	2,253
Reserve for Peddler's Licenses Cash Bond	400	200	200	400	200
Tax Overpayments	1,667	37,541	34,475	2,287	
Reserve for Receivables and Other Assets	537,545	573,536	617,993	616,354	582,306
Reserve for Federal and State Grants:					
Unappropriated	200	10,154			5,382
Appropriated	231,079	55,317	38,192	51,813	179,343
Reserve for Encumbrances	5,617	149	3,174	148,049	13,610
Due to Current Fund			11,654		22
Fund Balance	<u>992,063</u>	<u>1,036,005</u>	<u>1,048,790</u>	<u>1,042,246</u>	<u>1,130,553</u>
	<u>\$ 2,174,470</u>	<u>\$ 2,067,716</u>	<u>\$ 2,015,305</u>	<u>2,227,308</u>	<u>\$ 2,151,009</u>

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



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

	For the Years Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue Realized:					
Current Tax Collections	\$ 6,710,160	\$ 6,673,497	\$ 6,605,955	\$ 6,504,634	\$ 6,478,598
Delinquent Tax Collections	290,982	279,648	274,837	297,378	247,836
Total Taxes	7,001,142	6,953,145	6,880,792	6,802,012	6,726,434
Miscellaneous Revenues Anticipated	675,124	495,627	436,196	476,112	652,537
Other Credits to Income	102,540	88,383	131,774	129,809	156,575
Non-Budget Revenues	26,206	24,418	43,661	32,402	88,171
Fund Balance Utilized	300,000	210,000	220,000	350,000	371,500
Total Income	8,105,012	7,771,573	7,712,423	7,790,335	7,995,217
Expenditures:					
Budget and Emergency Appropriations:					
Appropriations Within "CAPS":					
Salaries and Wages	235,940	228,055	218,854	259,890	252,050
Other Expenses	872,575	878,540	849,470	816,431	855,456
Deferred Charges and Statutory Expenditures	87,848	86,029	140,802	136,773	135,769
Appropriations Excluded from "CAPS":					
Other Expenses	897,985	736,014	693,599	683,623	865,512
Capital Improvements	191,000	117,500	131,700	98,500	154,500
Municipal Debt Service	301,183	276,879	163,301	301,556	271,245
Transferred to Boards of Education	18,741	18,822	19,536	19,536	19,494
County Taxes	1,138,307	1,116,552	1,126,676	1,081,508	1,041,146
County Library Taxes	83,507	83,960	86,607	81,525	81,627
County Open Space Taxes	71,178	70,650	73,075	72,884	72,498
Due County for Added and Omitted Taxes	4,802	5,031	2,179	3,871	2,253
Local District School Tax	2,449,094	2,426,181	2,386,932	2,361,186	2,467,596
Regional High School Tax	1,496,544	1,530,145	1,585,566	1,579,530	1,616,503
Cancellation of Federal, State and Other Grants Receivable			7,582		7,600
Tax Overpayments-Refund of Prior Year Revenue					1,943
Prior Year Senior Citizen Disallowed	250				1,250
Interfunds Created				31,829	
Total Expenditures and Encumbrances	7,848,954	7,574,358	7,485,879	7,528,642	7,846,442
Excess in Revenues	256,058	197,215	226,544	261,693	148,775
Fund Balance Beginning of Year	1,036,005	1,048,790	1,042,246	1,130,553	1,353,278
	1,292,063	1,246,005	1,268,790	1,392,246	1,502,053
Decreased by:					
Utilized as Revenue	300,000	210,000	220,000	350,000	371,500
Fund Balance Ending of Year	\$ 992,063	\$ 1,036,005	\$ 1,048,790	\$ 1,042,246	\$ 1,130,553

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

**BOROUGH OF SWEDESBORO**  
**GENERAL CAPITAL FUND**

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Cash	\$ 339,560	\$ 358,801	\$ 438,788	\$ 326,914	\$ 153,969
Grants Receivable	80,000	120,000	160,000	292,558	332,558
Deferred Charges to Future Taxation:					
Funded	3,006,635	3,215,379	3,378,950	1,787,352	1,875,589
Unfunded				1,513,855	1,643,855
	<u>\$ 3,426,195</u>	<u>\$ 3,694,180</u>	<u>\$ 3,977,738</u>	<u>\$ 3,920,679</u>	<u>\$ 4,005,971</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
General Serial Bonds	\$ 2,984,000	\$ 3,184,000	\$ 3,339,000	\$ 1,739,000	\$ 1,819,000
Green Trust Loan Payable	22,635	31,379	39,950	48,352	56,589
Bond Anticipation Notes				1,513,855	1,400,000
Improvement Authorizations:					
Funded	268,932	273,607	254,016	24,667	18,146
Unfunded				143,778	201,429
Interfund Payable			750	3,581	
Reserve for Encumbrances		14,566	3,393	73,067	50,941
Reserve for Restoration of Dam Project	11,249	11,249	11,249	11,249	11,249
Reserve for Improvements to Borough Hall	376	376	376	376	18,105
Reserve for Company Equipment and Firehouse Improvement			1	1	1
Reserve for Demolition of Building			75,000	75,000	75,000
Reserve for Payment of Debt Service	40,000	40,000	40,000	40,000	80,000
Reserve for Federal State and Other Grants Receivable	80,000	120,000	160,000	200,000	240,000
Capital Improvement Fund	19,003	19,003	54,003	47,753	32,753
Fund Balance					2,758
	<u>\$ 3,426,195</u>	<u>\$ 3,694,180</u>	<u>\$ 3,977,738</u>	<u>\$ 3,920,679</u>	<u>\$ 4,005,971</u>

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

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Operating Fund:					
Cash - Chief Financial Officer	\$ 319,143	\$ 422,058	\$ 481,591	\$ 484,396	\$ 424,888
Change Fund	50	50	50	50	50
Interfunds Receivable	13,067				15,725
	<u>332,260</u>	<u>422,108</u>	<u>481,641</u>	<u>484,446</u>	<u>440,663</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	5,836	8,371	21,224	16,611	15,986
Utility Liens Receivable	8,764	17,113	12,590	7,337	4,497
	<u>14,600</u>	<u>25,484</u>	<u>33,814</u>	<u>23,948</u>	<u>20,483</u>
Deferred Charges:					
Emergency Authorization (40A: 4-48)					32,000
Total Operating Fund	<u>346,860</u>	<u>447,592</u>	<u>515,455</u>	<u>508,394</u>	<u>493,146</u>
Capital Fund:					
Cash	186,271	102,053	119,826	111,454	161,970
Due from General Capital Fund				3,581	
Fixed Capital	6,698,912	6,673,242	5,309,651	5,253,897	5,198,143
Fixed Capital Authorized and Uncompleted	134,750	15,750	1,281,900	1,235,000	1,215,000
Total Capital Fund	<u>7,019,933</u>	<u>6,791,045</u>	<u>6,711,377</u>	<u>6,603,932</u>	<u>6,575,113</u>
	<u>\$ 7,366,793</u>	<u>\$ 7,238,637</u>	<u>\$ 7,226,832</u>	<u>\$ 7,112,326</u>	<u>\$ 7,068,259</u>

(Continued)

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Operating Fund:					
Appropriation Reserves	\$ 21,670	\$ 48,459	\$ 160,062	\$ 86,911	\$ 72,733
Encumbrances Payable	19,273	19,160	15,974	20,603	46,226
Accounts Payable					3,250
Due to Current Fund				16,516	333
Utility Rent Overpayments	1,475	2,259	1,928	2,065	3,682
Prepaid Utility	65,017	58,762	70,087	49,404	68,603
Prepaid Water Tower Rental Lease Fees			13,416	26,832	40,248
Accrued Interest on Bonds, Notes and Loans	15,430	16,162	16,893	17,568	18,243
Reserve for Payment of Debt				20,000	
	122,865	144,802	278,360	239,899	253,318
Reserve for Receivables	14,600	25,484	33,814	23,948	20,483
Fund Balance	209,395	277,306	203,281	244,547	219,345
Total Operating Fund	346,860	447,592	515,455	508,394	493,146
Capital Fund:					
Serial Bonds Payable	1,549,000	1,639,000	1,729,000	1,819,000	1,909,000
Improvement Authorizations:					
Funded	131,258	34,311	46,714	37,253	56,278
Unfunded					
Reserve for Encumbrances	1,807	10,000	15,370	11,555	36,465
Contracts Payable			4,536	13,021	16,021
Reserve for Payment of Bonds		4,536			
Reserve for Amortization	5,154,912	5,034,242	4,760,651	4,614,897	4,469,143
Capital Improvement Fund	49,850	49,850	49,850	49,850	49,850
Deferred Reserve for Amortization	129,750	15,750	101,900	55,000	35,000
Capital Improvement Fund	3,356	3,356	3,356	3,356	3,356
Total Capital Fund	7,019,933	6,791,045	6,711,377	6,603,932	6,575,113
	<u>\$ 7,366,793</u>	<u>\$ 7,238,637</u>	<u>\$ 7,226,832</u>	<u>\$ 7,112,326</u>	<u>\$ 7,068,259</u>

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

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

	For the Years Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 160,319	\$ 141,880	\$ 117,000	\$ 171,400	\$ 131,000
Rents	1,127,825	1,124,699	1,112,135	1,142,219	1,065,307
Miscellaneous Revenue Anticipated	50,467	50,226	51,687	46,696	43,834
Reserve for Debt Payment	4,536		20,000		
Accounts Payable Canceled				3,250	
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	38,385	142,949	75,643	67,384	76,286
Total Income	1,381,532	1,459,754	1,376,465	1,430,949	1,316,427
Expenditures:					
Operating	957,800	966,800	970,600	933,400	950,000
Capital Improvements	144,670	86,970	102,900	76,000	76,000
Debt Service	152,454	155,379	158,247	160,947	163,648
Deferred Charges and Statutory Expenditures	34,200	34,000	36,500	64,000	32,000
Refund of Prior Year Overpayments			84		
Refund of Prior Year Connection Fee Revenue		700			
Refund of Fire Hydrant Overbilling			32,400		
Total Expenditures	1,289,124	1,243,849	1,300,731	1,234,347	1,221,648
Excess in Revenues	92,408	215,905	75,734	196,602	94,779
Adjustments to Income before Fund Balance:					
Expenditures included above which are by Statute					
Deferred Charges to Budget of Succeeding Year					32,000
Statutory Excess to Fund Balance	92,408	215,905	75,734	196,602	126,779
Fund Balance Beginning of Year	277,306	203,281	244,547	219,345	223,566
	369,714	419,186	320,281	415,947	350,345
Decreased by:					
Utilized as Revenue	160,319	141,880	117,000	171,400	131,000
Fund Balance End of Year	\$ 209,395	\$ 277,306	\$ 203,281	\$ 244,547	\$ 219,345

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

**BOROUGH OF SWEDESBORO**  
**TRUST FUND**

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>					
Animal Control Fund:					
Cash - Chief Financial Officer	\$ 5,685	\$ 7,008	\$ 7,319	\$ 6,816	\$ 5,912
Due from the State of New Jersey					
	5,685	7,008	7,319	6,816	5,912
Other Funds:					
Cash - Chief Financial Officer	66,986	71,219	117,814	139,488	80,584
Cash - Tax Collector	161,623	170,034	193,100	75,351	67,600
Cash - Other	116,958	43,071	18,290	28,140	33,806
Municipal Alliance Grants Receivable					
Mortgage Loans Receivable	113,295	113,295	113,295	164,445	237,604
	458,862	397,619	442,499	407,424	419,594
	\$ 464,547	\$ 404,627	\$ 449,818	\$ 414,240	\$ 425,506
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>					
Animal Control Fund:					
Due to Current Fund	\$ 3,650	\$ 4,979	\$ 770		
Due to State of New Jersey - Dog License Fees	6				
Reserve for Animal Control Fund Expenditures	2,029	2,029	6,549	\$ 6,816	\$ 5,912
	5,685	7,008	7,319	6,816	5,912
Other Funds:					
Due to State of New Jersey:					
Marriage and Civil Union License Fees	50	25	100	50	50
Hunting and Fishing Licenses	1,289	1,677	868	1,688	175
Interfunds Payable	2,012	16	83	72	15,731
Miscellaneous Trust Reserves and Escrows					
Tax Sale Premiums	147,500	168,500	193,100	43,500	67,600
Redemption of Tax Title Liens	14,123	1,534		31,850	
Municipal Alliance Donations - Municipal	23,117	23,117	23,117	18,036	14,536
Recreation Purposes (Developers Donations	3,985	3,985	3,985	3,985	3,984
Economic Development	16,552	15,425	28,075	32,654	36,760
Street Opening Permits	200	2,200	200	100	100
Snow Removal Appropriations	5,799	5,799	6,008	6,008	6,847
Cash Performance Bonds		3,043	3,043	24,348	
Performance Guarantee	4,077	4,077	40,772	40,772	
Payroll Deductions Payable	4,707	4,658	4,337	4,636	5,437
Miscellaneous Trust Reserves and Escrows - Other:					
COAH	2,441	2,437	2,434	2,430	2,426
Redevelopment's Escrow	78,783				
Developer's Escrow Funds	30,693	37,592	12,843	22,611	28,344
Reserve for Loan Rehabilitation Program	10,239	10,239	10,239	10,239	
Reserve for Mortgage Loans Recievable	113,295	113,295	113,295	164,445	237,604
	458,862	397,619	442,499	407,424	419,594
	\$ 464,547	\$ 404,627	\$ 449,818	\$ 414,240	\$ 425,506

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

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

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

**Description of Financial Reporting Entity** - The Borough of Swedesboro is located in the central part of Gloucester County, New Jersey. The Borough is located approximately twenty-five (25) miles southeast of Philadelphia, Pennsylvania, approximately fifty (50) miles west of Atlantic City and one hundred (100) miles south of New York City. The Borough is a separate governmental entity .77 square miles in size and is encircled by the Township of Woolwich. The present population according to the 2010 census is 2,584.

The Borough has a Mayor-Council form of government in accordance with N.J.S.A. 40A:60-1. The Mayor is separately elected every four years. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk. The daily operations of the Borough are supervised by the Borough Clerk who also serves as the Business Administrator of the Borough.

**Component Units** - The Borough had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

**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.

**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.

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

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

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

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

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

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

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

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.

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

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



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

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

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

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

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

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

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

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

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

**Revenues** - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the 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 Gloucester, the Swedesboro-Woolwich School District, and the Kingsway Regional School District. 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 Swedesboro-Woolwich School District and the Kingsway Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

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

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

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of December 31, 2018, the Borough's bank balances of \$2,617,071.49 were all insured by FDIC and GUDPA.

**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 (1)</u>	<u>2014</u>
Tax Rate	<u>\$ 4.027</u>	<u>\$ 4.005</u>	<u>\$ 4.001</u>	<u>\$ 3.886</u>	<u>\$ 3.666</u>
Apportionment of Tax Rate:					
Municipal	\$ .995	\$ .971	\$ .950	\$ .918	\$ .833
County	.659	.648	.654	.620	.559
County Library	.049	.049	.051	.047	.044
County Open Space					
Preservation Trust Fund	.042	.041	.043	.042	.039
Consolidated Local School	1.417	1.408	1.384	1.354	1.324
Regional High School	.865	.888	.919	.905	.867

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2018	\$ 172,856,900.00
2017	172,331,900.00
2016	172,468,500.00
2015 (1)	174,478,801.00
2014	186,448,059.00

(1)Revaluation

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 6,986,738.99	\$ 6,710,159.90	96.04%
2017	6,933,030.48	6,673,497.36	96.26%
2016	6,914,343.85	6,605,955.05	95.54%
2015	6,801,508.62	6,504,634.33	95.64%
2014	6,848,001.91	6,478,598.10	94.61%

**Note 3: PROPERTY TAXES (CONT'D)**

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

**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	\$ 49,820.11	\$ 251,619.92	\$ 301,440.03	4.31%
2017	118,579.72	210,992.68	329,572.40	4.75%
2016	84,415.28	288,828.85	373,244.13	5.40%
2015	61,297.72	289,418.07	350,715.79	5.16%
2014	52,461.96	298,483.22	350,945.18	5.12%

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	5
2017	8
2016	7
2015	5
2014	5

**Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2018	\$ 231,000.00
2017	231,000.00
2016	231,000.00
2015	231,000.00
2014	231,000.00

**Note 5: WATER AND SEWER UTILITY SERVICE CHARGES**

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

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Liens</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2018	\$ 8,370.81	\$ 17,112.51	\$ 1,116,941.54	\$ 1,142,424.86	\$ 1,127,825.32
2017	21,224.49	12,590.07	1,116,309.75	1,150,124.31	1,124,699.34
2016	16,611.19	7,337.16	1,124,223.36	1,148,171.71	1,112,134.63
2015	15,985.96	4,496.95	1,145,684.77	1,166,167.68	1,142,219.33
2014	16,280.27	3,012.95	1,066,496.51	1,085,789.73	1,065,306.82

**Note 6: FUND BALANCES APPROPRIATED**

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

**Current Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 992,063.35	\$ 180,000.00	18.14%
2017	1,036,004.61	300,000.00	28.96%
2016	1,048,789.66	210,000.00	20.02%
2015	1,042,246.63	220,000.00	21.11%
2014	1,130,553.48	350,000.00	30.96%

**Water and Sewer Utility Fund**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2018	\$ 209,394.94	\$ 83,720.00	39.98%
2017	277,306.33	160,319.00	57.81%
2016	203,280.52	141,880.00	69.80%
2015	244,546.73	117,000.00	47.84%
2014	219,345.43	171,400.00	78.14%

**Note 7: INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 4,040.69	\$ 39,677.81
Federal and State Grant	26,611.02	
Trust - Animal Control		2,028.70
Trust - Other		2,011.99
Water and Sewer Utility Operating Fund	13,066.79	
Totals	<u>\$ 43,718.50</u>	<u>\$ 43,718.50</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 8: PENSION PLANS**

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

**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.

**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.

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

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

**Tier Definition**

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

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

**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. 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 14.57% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.



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

**Public Employees' Retirement System (Cont'd)** - Based on the most recent PERS measurement date of June 30, 2018, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$68,684.00, 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 \$63,936.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$36,198.01.

**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 \$3,591.77, and the Borough's contributions were \$2,468.59. 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 \$1,359,591.00. 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 0.0069051567%, which was an increase of 0.0000035516% 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 \$69,204.00. 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 \$63,936.00, and was paid on April 1, 2018.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2018, the Borough had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 25,928.00	\$ 7,010.00
Changes of Assumptions	224,038.00	434,725.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	12,753.00
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	28,012.00	77,367.00
Borough Contributions Subsequent to the Measurement Date	34,342.00	-
	<u>\$ 312,320.00</u>	<u>\$ 531,855.00</u>

\$34,342.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. This amount was based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plan's measurement date of June 30, 2018 to the Borough's year end of December 31, 2018.

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

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	5.00	-
June 30, 2016	5.00	-
June 30, 2017	-	5.00
June 30, 2018	-	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
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63

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

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

<b><u>Year Ending Dec 31,</u></b>	
2019	\$ 3,271.00
2020	(26,895.00)
2021	(114,753.00)
2022	(89,589.00)
2023	(25,911.00)
	<u>\$ (253,877.00)</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:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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).

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

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' target asset allocation as of June 30, 2018 are summarized in the following table:

<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. For PERS, the single blended discount rate was 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; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

**Public Employees' Retirement System (PERS)** - The following presents the Borough's proportionate share of the net pension liability at June 30, 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:

	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Borough's Proportionate Share of the Net Pension Liability	<u>\$ 1,709,529.00</u>	<u>\$ 1,359,591.00</u>	<u>\$ 1,066,015.00</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 additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. 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, 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>.

**Supplementary Pension Information**

In accordance with GASBS 68, the following information is also presented for the PERS Pension 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.

**Note 8: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Proportionate Share of the Net Pension Liability (Last Six Years)***

	<b>Measurement Date Ended June 30,</b>		
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Borough's Proportion of the Net Pension Liability	0.0069051567%	0.0069016051%	0.0073480470%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,359,591.00	\$ 1,606,583.00	\$ 2,176,281.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 440,280.00	\$ 478,144.00	\$ 469,868.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	308.80%	336.00%	463.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<b>Measurement Date Ended June 30,</b>		
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Borough's Proportion of the Net Pension Liability	0.0075178096%	0.0072907632%	0.0069582510%
Borough's Proportionate Share of the Net Pension Liability	\$ 1,687,598.00	\$ 1,365,030.00	\$ 1,329,860.00
Borough's Covered Payroll (Plan Measurement Period)	\$ 518,576.00	\$ 504,192.00	\$ 479,988.00
Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.43%	270.74%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

**Note 8: PENSION PLANS (CONT'D)****Supplementary Pension Information (Cont'd)*****Schedule of the Borough's Contributions - (Last Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Borough's Contractually Required Contribution	\$ 68,684.00	\$ 63,936.00	\$ 65,279.00
Borough's Contribution in Relation to the Contractually Required Contribution	(68,684.00)	(63,936.00)	(65,279.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	471,266.00	\$ 471,499.00	\$ 486,197.00
Borough's Contributions as a Percentage of Covered Payroll	14.57%	13.56%	13.43%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Borough's Contractually Required Contribution	\$ 64,633.00	\$ 60,104.00	\$ 52,429.00
Borough's Contribution in Relation to the Contractually Required Contribution	(64,633.00)	(60,104.00)	(52,429.00)
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year)	\$ 476,085.00	\$ 509,056.00	\$ 501,126.00
Borough's Contributions as a Percentage of Covered Payroll	13.58%	11.81%	10.46%

**Other Notes to Supplementary Pension Information****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 30<sup>th</sup> over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.



**Note 8: PENSION PLANS (CONT'D)****Other Notes to Supplementary Pension Information (Cont'd)****Changes in Assumptions (Cont'd)**

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.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****General Information about the OPEB Plan**

**Plan Description and Benefits Provided** - The Borough contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****General Information about the OPEB Plan (Cont'd)**

**Plan Description and Benefits Provided (Cont'd)**- Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Borough was billed monthly by the Plan and paid \$16,841.40 for the year ended December 31, 2018, representing 3.57% of the Borough covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$0.00.

*Special Funding Situation Component* - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Borough, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Borough, is \$13,239.00 for the year ended December 31, 2018 representing 2.81% of the Borough's covered payroll.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2018 the Borough and State's proportionate share of the net OPEB liability were as follows:

Borough's Proportionate Share of Net OPEB Liability	\$ 2,117,813.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Borough	<u>437,330.00</u>
	<u>\$ 2,555,143.00</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Borough's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Borough's proportion was .013518% which was an increase of .001127% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Borough was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Borough was .007038% which was a decrease of .000147% from its proportion measured as of the June 30, 2017 measurement date.

**OPEB Expense** - At December 31, 2018, the Borough's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$50,210.00. 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 made contributions to the Plan totaling \$16,841.40.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Borough, calculated by the Plan as of the June 30, 2018 measurement date is \$13,239.00. This on-behalf expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ -	\$ 429,992.00
Changes of Assumptions	-	537,211.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,119.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	224,185.00	384,221.00
Borough Contributions Subsequent to the Measurement Date	8,420.70	-
	<u>\$ 233,724.70</u>	<u>\$ 1,351,424.00</u>

\$8,420.70 reported as deferred outflows of resources resulting from the Borough's contributions subsequent to the measurement date will be included as a reduction of the Borough's net OPEB liability during the year ending December 31, 2019.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - The Borough will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

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

<b><u>Year Ending Dec. 31,</u></b>	
2019	\$ (174,072.00)
2020	(174,072.00)
2021	(174,072.00)
2022	(174,190.00)
2023	(174,381.00)
Thereafter	(255,333.00)
	<u>\$ (1,126,120.00)</u>

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

\* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Health Care Trend Assumptions** - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Borough's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, for the Borough and the State of New Jersey, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 2,484,755.00	\$ 2,117,813.00	\$ 1,824,710.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	513,104.00	437,330.00	376,804.00
	<u>\$ 2,997,859.00</u>	<u>\$ 2,555,143.00</u>	<u>\$ 2,201,514.00</u>

**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Borough's and State's proportionate share of the net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Borough's Proportionate Share of the Net OPEB Liability	\$ 1,766,596.00	\$ 2,117,813.00	\$ 2,572,340.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Borough	364,803.00	437,330.00	531,190.00
	<u>\$ 2,131,399.00</u>	<u>\$ 2,555,143.00</u>	<u>\$ 3,103,530.00</u>

**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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 the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Supplementary OPEB Information**

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees 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 the Borough's Proportionate Share of the net OPEB Liability (Last 2 Years)***

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Proportion of the Net OPEB Liability	0.013518%	0.012391%
Borough's Proportionate Share of the Net OPEB Liability \$	2,117,813.00	\$ 2,529,720.00
State's Proportionate Share of the Net OPEB Liability Associated with the Borough	437,330.00	624,765.00
Total	<u>\$ 2,555,143.00</u>	<u>\$ 3,154,485.00</u>
Borough's Covered Payroll (Plan Measurement Period) \$	482,087.00	\$ 471,564.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	439.30%	536.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

***Schedule of the Borough's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Borough's Required Contributions	\$ 16,841.40	\$ 17,200.20
Borough's Contributions in Relation to the Required Contribution	<u>(16,841.40)</u>	<u>(17,200.20)</u>
Borough's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Borough's Covered Payroll (Calendar Year) \$	471,266.00	\$ 471,499.00
Borough's Contributions as a Percentage of Covered Payroll	3.57%	3.65%



**Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

None

**Changes in Assumptions**

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

**Note 10: COMPENSATED ABSENCES**

Public Works Department – By contract, employees are not allowed to accrue vacation time. The sick pay policy dictates that each eligible employee shall be entitled to twelve (12) days of sick leave without loss of pay. Unused sick days can be carried forward up to a maximum of 30 days.

Furthermore, Public Works employees are entitled to, after twenty (20) years of service and, upon, separation or retirement will be paid for unused earned sick leave up to a maximum of 30 days. The total payment will be made in four (4) equal payments over a period of one (1) year. This same benefit will also, at the employee's death, be payable to the employee's beneficiary in the same manner.

Non-contract Employees – Full-time employees are entitled to paid sick and vacation leave days each year based on the number of years of service. Sick and vacation days not used during the year may not be accumulated and carried forward unless authorized by the Borough Council.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2018, accrued benefits for compensated absences are valued at \$10,256.72.

**Note 11: 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 12: CAPITAL DEBT****General Obligation Bonds**

General Obligation Bonds, Series 2010 - On April 15, 2010, the Borough issued \$4,348,000.00 of General Obligation Bonds, consisting of: (i) \$2,109,000.00 General Improvement Bonds; and (ii) \$2,239,000.00 Water and Sewer Utility Bonds, with interest rates ranging from 2.50% to 4.25%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is April 1, 2030.

General Obligation Bonds, Series 2016 – On May 3, 2016, the Borough issued \$1,680,000.00 of general improvement bonds, with interest rates ranging from 1.50% to 2.25%. The bonds were issued for the purpose of funding various capital projects in the Borough. The final maturity of the bonds is May 1, 2029.

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

<u>Year</u>	<u>General</u>		<u>Water and Sewer Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 210,000.00	\$ 86,630.00	\$ 100,000.00	\$ 59,972.50	\$ 456,602.50
2020	220,000.00	80,830.00	100,000.00	56,472.50	457,302.50
2021	225,000.00	74,755.00	100,000.00	52,847.50	452,602.50
2022	250,000.00	67,930.00	120,000.00	48,572.50	486,502.50
2023	255,000.00	60,480.00	120,000.00	43,772.50	479,252.50
2024-2028	1,395,000.00	183,356.25	690,000.00	139,887.50	2,408,243.75
2029-2030	429,000.00	13,453.75	319,000.00	13,456.25	774,910.00
	<u>\$ 2,984,000.00</u>	<u>\$ 567,435.00</u>	<u>\$ 1,549,000.00</u>	<u>\$ 414,981.25</u>	<u>\$ 5,515,416.25</u>

**General Debt - New Jersey Green Acres Loans**

On June 21, 2000, the Borough entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$150,000.00, at an interest rate of 2.0%. The proceeds were used to fund the redevelopment of the Borough's Lock Avenue Park. Semiannual debt payments are due January 20th and July 20th through 2021.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 8,919.15	\$ 408.33	\$ 9,327.48
2020	9,098.43	229.05	9,327.48
2021	4,617.57	46.18	4,663.75
Totals	<u>\$ 22,635.15</u>	<u>\$ 683.56</u>	<u>\$ 23,318.71</u>

**Note 12: CAPITAL DEBT (CONT'D)**

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>
<b><u>Issued</u></b>			
Local School:			
Bonds		\$ 4,546,551.27	\$ 4,951,656.76
General:			
Bonds, Notes and Loans	\$ 3,006,635.15	3,215,378.55	3,378,949.67
Water and Sewer Utility:			
Bonds	1,549,000.00	1,639,000.00	1,729,000.00
Total Issued	<u>4,555,635.15</u>	<u>9,400,929.82</u>	<u>10,059,606.43</u>
<b><u>Authorized but not Issued</u></b>			
General:			
Bonds, Loans and Notes			
Total Authorized but not Issued	<u>-</u>	<u>-</u>	<u>-</u>
Total Issued and Authorized but not Issued	<u>4,555,635.15</u>	<u>9,400,929.82</u>	<u>10,059,606.43</u>
<b><u>Deductions</u></b>			
Local School:			
Bonds		4,383,935.57	4,366,565.50
General:			
Reserve for Payment of Bonds	40,000.00	40,000.00	40,000.00
Water and Sewer Utility:			
Self-Liquidating	1,549,000.00	1,639,000.00	1,729,000.00
Total Deductions	<u>1,589,000.00</u>	<u>6,062,935.57</u>	<u>6,135,565.50</u>
<b>Net Debt</b>	<u>\$ 2,966,635.15</u>	<u>\$ 3,337,994.25</u>	<u>\$ 3,924,040.93</u>

**Note 12: CAPITAL DEBT (CONT'D)****Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of 1.696%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 4,113,869.62	\$ 4,113,869.62	
Regional School Purposes	2,134,281.04	2,134,281.04	
Self-Liquidating	1,549,000.00	1,549,000.00	
General	3,006,635.15	40,000.00	\$ 2,966,635.15
	<u>\$ 10,803,785.81</u>	<u>\$ 7,837,150.66</u>	<u>\$ 2,966,635.15</u>

Net debt \$2,966,635.15 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$174,937,824.00, equals 1.696%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 6,122,823.84
Less: Net Debt	<u>2,966,635.15</u>
Remaining Borrowing Power	<u>\$ 3,156,188.69</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 1,343,147.01
Deductions:	
Operating and Maintenance Costs	\$ 992,000.00
Debt Service	<u>152,453.75</u>
Total Deductions	<u>1,144,453.75</u>
Excess in Revenue	<u>\$ 198,693.26</u>

**Note 13: 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.

**Joint Insurance Fund** - The Borough is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund (Fund). The Fund is a member of the Municipal Excess Liability Joint Insurance Fund (MEL). 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

**Note 13: RISK MANAGEMENT (CONT'D)**

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

The Fund provides the Borough with the following coverage:

Property - Blanket Building and Grounds  
General and Automobile Liability  
Workers' Compensation and Employer's Liability  
Blanket Crime and Public Employee and Official Bonds

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Borough's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event. The Fund publishes its own financial report for the year ended December 31, 2018, which can be obtained from:

Gloucester, Salem and Cumberland  
Counties Municipal Joint Insurance Fund  
6000 Sagemore Drive, Suite 6203  
P.O. Box 490  
Marlton, New Jersey 08053

**Note 14: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the 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 15: 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.

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**



# PARKER McCAY

**Parker McCay P.A.**  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054-5054

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July \_\_, 2020

Mayor and Borough Council  
of the Borough of Swedesboro  
1500 Kings Highway  
Swedesboro, New Jersey

**RE:     \$\_\_\_\_\_ BOROUGH OF SWEDESBORO, COUNTY OF  
GLOUCESTER, NEW JERSEY, GENERAL OBLIGATION REFUNDING  
BONDS, SERIES 2020**

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Ladies and Gentlemen:

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

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance ("Refunding Bond Ordinance"), duly and finally adopted by the Borough Council on March 16, 2020 and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Borough Council on June 1, 2020 ("Resolution").

The Refunding Bonds are being issued to provide funds which will be used to: (i) current refund and redeem all of the Borough's outstanding callable General Obligation Bonds, Series 2010, maturing on April 1 in the years 2021 through 2030, both dates inclusive; and (ii) pay the costs and expenses related to the issuance, sale and delivery of the Refunding Bonds.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$	%	2026	\$	%
2022			2027		
2023			2028		
2024			2029		
2025			2030		

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



The Refunding Bonds are issued in fully registered book-entry-only form without coupons, and are not subject to redemption prior to maturity.

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

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

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

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

2. For the payment of principal of and interest on the Refunding Bonds, the Borough has the power and is obligated, to the extent payment is not otherwise provided, to levy ad valorem taxes upon all taxable real property within the Borough without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

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

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

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

In rendering this opinion, we have assumed continuing compliance by the Borough that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Refunding Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Borough to comply with such covenants could result in the interest on the Refunding Bonds being





subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Refunding Bonds.

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

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

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

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

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

In providing the opinion expressed in paragraph 3 above, we have relied upon the written report provided by Bowman & Company, LLP, certified public accountants, regarding the



computation of the yield on the Refunding Bonds and certain investments made with the proceeds thereof.

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

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

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

Very truly yours,

## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this \_\_\_\_ day of July, 2020 between the Borough of Swedesboro, County of Gloucester, New Jersey ("Borough") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Borough of its General Obligation Refunding Bonds, Series 2020, in the principal amount of \$\_\_\_\_\_ ("Refunding Bonds").

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

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

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

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

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

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

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

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

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

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

**"Official Statement"** shall mean the Official Statement of the Borough dated June \_\_\_\_, 2020 relating to the Refunding Bonds.

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

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

### **SECTION 3. Provision of Annual Report.**

(a) The Borough shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Borough's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Borough (commencing for the fiscal year ending December 31, 2020). Each Annual Report provided to the Dissemination Agent by the Borough shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

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

Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

## **SECTION 5. Reporting of Significant Events.**

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

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

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

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

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

(c) If the Dissemination Agent has been instructed by the Borough to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within two (2) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Borough.

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

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

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

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

**SECTION 10. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the

United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Borough:

Borough of Swedesboro  
1500 Kings Highway  
Swedesboro, New Jersey 08085  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Sherry L. Tracey, Senior Managing Director

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

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

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

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

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

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

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

**SECTION 17. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held



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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

**BOROUGH OF SWEDESBORO, NEW JERSEY**

By: \_\_\_\_\_  
**ELIZABETH PIGLIACELLI,**  
**Chief Financial Officer**

**PHOENIX ADVISORS, LLC,**  
**as Dissemination Agent**

By: \_\_\_\_\_  
**SHERRY L. TRACEY, Senior Managing Director**

**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: Borough of Swedesboro, County of Gloucester, New Jersey

Name of Bond Issues Affected: General Obligation Refunding Bonds, Series 2020

Date of Issuance of the Affected  
Bond Issue: July \_\_, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated July \_\_, 2020, between the Borough and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated:\_\_\_\_\_

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: Borough of Swedesboro, New Jersey