PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2020

NEW ISSUE

RATINGS: Moody's: "A1" (Bonds)
(See "RATING" herein)

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

TOWNSHIP OF EASTAMPTON, IN THE COUNTY OF BURLINGTON, NEW JERSEY

$2,566,000*
GENERAL IMPROVEMENT BONDS, SERIES 2020
(Book-Entry-Only) (Callable)

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

$1,045,000
BOND ANTICIPATION NOTE, SERIES 2020
(Book-Entry-Only) (Non-Callable)

Dated: July 29, 2020
Due: July 29, 2021

The $2,566,000* General Improvement Bonds, Series 2020 (the "Bonds"), of the Township of Eastampton, in the County of Burlington, New Jersey (the "Township"), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity or earlier redemption, commencing on January 15, 2021. Principal of and interest due on the Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 1 and July 1 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

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

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

The $1,045,000 Bond Anticipation Note, Series 2020 (the "Note" and, together with the Bonds, the "Obligations") will be issued in the form of one certificate and when issued will be registered in the name of DTC, which will act as securities depository. Interest on the Note will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "THE OBLIGATIONS – Book-Entry-Only System" herein.

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

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

The Obligations are offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor in connection with the issuance of the Obligations. Delivery is anticipated to be via DTC in New York, New York, on or about July 29, 2020.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY UNTIL 11:00 A.M. ON JULY 15, 2020. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW. MUNIHUB.COM.

ELECTRONIC SUBMISSIONS FOR THE NOTES WILL BE RECEIVED VIA PARITY UNTIL 11:30 A.M. ON JULY 15, 2020. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT WWW. MUNIHUB.COM.

* Preliminary, subject to change.

TOWNSHIP OF EASTAMPTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY

$2,566,000* GENERAL IMPROVEMENT BONDS, SERIES 2020

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

Year (July 15)	Principal Amount*	Interest Rate	Yield	CUSIP**
2021	$121,000	%	%	
2022	170,000			
2023	175,000			
2024	180,000			
2025	185,000			
2026	190,000			
2027	200,000			
2028	215,000			
2029	225,000			
2030	225,000			
2031	225,000			
2032	225,000			
2033	230,000			

$1,045,000 BOND ANTICIPATION NOTE, SERIES 2020

Interest Rate: ___% **Yield: ___%** **CUSIP**: _________**

* Preliminary, subject to change.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bond and Note holders only at the time of issuance of the Obligations and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Obligations as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Obligations.

TOWNSHIP OF EASTAMPTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY

TOWNSHIP COUNCIL

Robert Apgar, Mayor
Jay Springer
Anthony Zeno
Dominic F. Santillo
Edward Besko

TOWNSHIP CLERK
Kim-Marie White, RMC/CMC/MMC

CHIEF FINANCIAL OFFICER
John E. Barrett

TOWNSHIP ATTORNEY
Albert K. Marmero, Esq.
Woodbury, New Jersey

INDEPENDENT AUDITOR
Bowman & Company LLP
Voorhees, New Jersey

BOND COUNSEL
McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

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

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 Obligations in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriters. This Official Statement is submitted in connection with the sale of the Obligations referred to herein and may not be used, in whole or in part, for any other purpose.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the

TOWNSHIP OF EASTAMPTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY

$2,566,000* GENERAL IMPROVEMENT BONDS, SERIES 2020

and

$1,045,000 BOND ANTICIPATION NOTE, SERIES 2020

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Eastampton (the "Township"), in the County of Burlington (the "County"), New Jersey (the "State"), in connection with the sale and the issuance of $2,566,000* General Improvement Bonds, Series 2020 (the "Bonds") and a $1,045,000 Bond Anticipation Note, Series 2020 (the "Note" and, together with the Bonds, the "Obligations"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Obligations described herein.

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

THE OBLIGATIONS

General Description

The Bonds will be dated their date of delivery, will bear interest from their dated date and will mature on July 15 in the years and in the principal amounts set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity or earlier redemption, commencing on January 15, 2021, at the rates set forth on the inside front cover page hereof. Principal of and interest due on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 1 and July 1 (the "Record Dates" for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the principal amount of $5,000, or any integral multiple of $1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co. (or any

---

* Preliminary, subject to change.

successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign), as nominee for DTC.

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

Book-Entry-Only System*

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

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

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the

* Source: The Depository Trust Company.

Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

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

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

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

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

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

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

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

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

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

Discontinuation of Book-Entry-Only System

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

Redemption

The Bonds

The Bonds maturing prior to July 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after July 15, 2028 are redeemable at the option of the Township in whole or in part on any date on or after July 15, 2027 at 100% of the principal amount outstanding (the "Redemption Price") plus interest accrued to the date of redemption upon notice as required herein.

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

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

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

The Note

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

AUTHORIZATION AND PURPOSE OF THE OBLIGATIONS

The Bonds

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"), the bond ordinances adopted by the Township Council referred to in the chart below and by a resolution duly adopted by the Township Council on June 22, 2020 (the "Resolution").

Proceeds from the sale and issuance of the Bonds, along with $360 of other available funds of the Township, will be used to: (i) currently refund the Township's $2,566,360 Bond Anticipation Note, dated and issued on February 20, 2020 and maturing on July 30, 2020 (the "Prior Notes"); and (ii) pay the costs incurred in connection with the authorization, sale and issuance of the Bonds.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Amount of Bond Proceeds to be Used
2010-15	Road improvements, purchase of a Department of Public Works truck and computers/office equipment and building improvements and maintenance repairs, finally adopted August 23, 2010.	$51,576
2011-08	Various general improvements, finally adopted August 22, 2011.	115,159
2012-09	Various general improvements, finally adopted July 30, 2012.	138,068
2013-03	Various general improvements, finally adopted April 8, 2013.	87,514
2014-03	Building improvements, finally adopted July 21, 2014.	275,573
2015-05	Various capital improvements, finally adopted June 22, 2015.	292,610
2016-09	Various capital improvements, finally adopted June 13, 2016.	446,500

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Amount of Bond Proceeds to be Used
2017-05	Various capital improvements, finally adopted March 27, 2017.	684,000
2018-09	Various capital improvements, finally adopted June 25, 2018.	475,000
	Total:	$2,566,000

The Note

The Note is issued pursuant to the Local Bond Law and the bond ordinances of the Township set forth below. Proceeds from the sale and issuance of the Note will be used by the Township to: (i) provide $1,045,000 in new money to temporarily finance various capital improvements in and by the Township; and (ii) pay the costs incurred in connection with the authorization, sale and issuance of the Note.

Bond Ordinance	Description of Improvement and Date of Adoption of Ordinance	Aggregate Amount of Notes to be Issued
2019-11	Various capital improvements, finally adopted May 28, 2019.	$1,045,000
	Total:	$1,045,000

SECURITY AND SOURCE OF PAYMENT

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

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The Township expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide.

The Township cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the Township, whether there will be any impact on the assessed values of property within the Township or unexpected deferrals of tax payments to the Township, or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the Township.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is shown in Appendix A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

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

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

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

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the Township's Tax Collector. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax. On April 28, 2020, the Governor of the State issued Executive Order 130 pursuant to which the deadline for the payment of taxes due on May 1, 2020 was extended to June 1, 2020.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statues.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Obligations From Gross Income for Federal Tax Purposes

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

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law, interest on the Obligations is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Obligations is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

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

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

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

Original Issue Discount

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

Original Issue Premium

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

Bank-Qualification

The Obligations **will be** designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Obligations

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

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

Changes in Federal Tax Law Regarding the Obligations

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Obligations. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Obligations will not have an adverse effect on the tax status of interest on the Obligations or the market value or marketability of the Obligations. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Obligations from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

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

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

FINANCIAL STATEMENTS

Appendix B contains certain unaudited financial data of the Township extracted from the unaudited Annual Financial Statement for the fiscal year ending December 31, 2019 and certain audited financial data of the Township for the fiscal years ending December 31, 2018, 2017, 2016 and 2015. The audited financial data was extracted from the report prepared by Bowman & Company LLP, Voorhees, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement. The Auditor 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 for the information contained in Appendix A and the compiled and audited financial data appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B - Financial Statements of the Township of Eastampton, in the County of Burlington, New Jersey".

LITIGATION

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

SECONDARY MARKET DISCLOSURE

The Bonds

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

(a) On or prior to September 30 of each year, beginning September 30, 2020, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the Securities and Exchange Commission to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness including a schedule of outstanding debt issued by the Township, (ii) the Township's property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

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

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

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

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

The Note

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

The Obligations

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

The Township has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in November of 2014 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations

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

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

UNDERWRITING

The Bonds

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

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

The Note

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

The Note Underwriter may offer and sell the Note to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the inside front cover of this Official Statement.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "A1" to the Bonds. The Notes have not been rated.

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Obligations (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the Underwriters by certificates signed by the Mayor and the Chief Financial Officer.

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

Bowman & Company LLP assisted in the preparation of information contained in this Official Statement and takes responsibility for the financial statements to the extent specified in the Independent Accountant's Compilation Report and the Independent Auditor's Report.

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

Phoenix Advisors, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to John E. Barrett, Chief Financial Officer, Township of Eastampton, 12 Manor House Court, Eastampton, New Jersey 08060, telephone (609) 267-5723, or to the Municipal Advisor, Phoenix Advisors, LLC at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF EASTAMPTON,
IN THE COUNTY OF BURLINGTON, NEW JERSEY

____
John E. Barrett,
Chief Financial Officer

Dated: July __, 2020

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF EASTAMPTON, IN THE COUNTY OF BURLINGTON, NEW JERSEY

GENERAL INFORMATION ON THE TOWNSHIP

The Township, of Eastampton, in the County of Burlington, was created by an act of the Legislature of the State of New Jersey on February 11, 1880. The Township was formed primarily from neighboring Westampton Township. The new municipality consisted of farmland with an industrial village called Smithville and a hamlet called Unionville. Smithville was named after its owner at the time, Hezekiah Smith, who was the principal force behind the creation of the new Township.

On December 6, 1865 Mr. Smith bought, for a sum of $23,000, a 40+/- acre milling and cotton cloth manufacturing site known as Shreveville. The site's name was soon changed to Smithville and slowly emerged as a village with a school, store, barns, stables, smoke and slaughterhouses, workers' houses and a mansion. Surrounding farmland supplied the needs of village residents.

Between 1865 and 1878 Smithville expanded rapidly to include more offices, shops, an opera house and a lyceum. Mr. Smith's goal was to create a national industrial center and a unique workers' village.

The H.B. Smith Machine Company (incorporated 1878) would eventually manufacture 150 different styles of machines, hold patents for some 30 inventions and produce one quarter of the nation's woodworking machinery. One of its greatest successes was the "Star" bicycle. Hezekiah Smith was elected to the United States Congress in 1878. He died on November 3, 1887 at 71 years of age.

Through the second and third generations of the Smith family Smithville continued to flourish as a company town until the Great Depression. The industrial village never recovered from this downturn. The village was acquired in 1975 by the Burlington County Board of Chosen Freeholders and became Burlington County's first park. The mansion, the annex and the village, all of which are listed on the New Jersey and National Registers of Historic Places, are a popular destination for County and state residents. As one example, the annual Earth Day fair draws 10,000 to 12,000 visitors.

In the 1940's the Township began to develop as a suburban community. The first wave of suburban development resulted in the construction of 230 homes between 1940 and 1959. In the period between 1960 and 1979, there were 1,014 additional homes built in the Township. In the most recent past, 1980-2000, the Township saw the construction of 975 more dwellings. It is unlikely that the Township will experience more single family residential development at this scale in the future, which is attributable to the Township's smart growth strategy including its open space and farmland preservation efforts through 1998-2004. The Township's focus will be on a mixed-use development along the Woodlane Corridor resulting in modest residential growth.

Situated in the interior of Burlington County, Eastampton is bounded on the east by Pemberton, on the south by Southampton and Lumberton, on the west by Lumberton, Mt. Holly, and Westampton, and on the north by Springfield Township. The Township's land area is 5.86 square miles. Eastampton is 20 miles south of Trenton, 30 miles east of Philadelphia and 40 miles west of the famous New Jersey shore.

The Philadelphia International Airport is within a 40-minute commute on nearby I-295.

Township Employees

2020	2019	2018	2017	2016
42	42	44	47	45

Employee Collective Bargaining Unit

There are two Collective Bargaining Units, one covering the Fraternal Order of Police Lodge 146 which expires on December 31, 2021 and one covering the American Federation of State, County and Municipal Employees which expires on December 31, 2022

Compensated Absences

Under the existing policy of the Township, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward, unless approved by the Township Manager.

The Township compensates employees for unused sick leave and vacation days upon termination or retirement. The current policy provides one compensated day for every two days accumulated and is paid at the average of the last three years rate of pay upon termination or retirement for police officers and at the last year's rate of pay for all other employees.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of three pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen's Retirement System, the Public Employees' Retirement System, or the Defined Contribution Retirement Program. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. (For additional information on pension plans, see the Notes to Financial Statements in the Township's Report of Audit.)

Township Population

2010 Federal Census	6,069
2000 Federal Census	6,202
1990 Federal Census	4,962
1980 Federal Census	3,814

Selected Census 2018 Data(1)

Median household income	$100,365
Per capita income	$38,773

Labor Force(2)

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

	2019	**2018**	**2017**	**2016**	**2015**
Township					
Labor Force	3,449	3,404	3,423	3,418	3,436
Employment	3,344	3,285	3,282	3,278	3,258
Unemployment	105	119	141	140	178
Unemployment Rate	3.0%	3.5%	4.1%	4.1%	5.2%

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

(2) Source: New Jersey Department of Labor

	2019	2018	2017	2016	2015
County					
Labor Force	230,589	227,612	229,971	229,949	229,689
Employment	223,049	219,125	220,557	219,677	217,394
Unemployment	7,540	8,487	9,414	10,272	12,295
Unemployment Rate	3.3%	3.7%	4.1%	4.5%	5.4%
State					
Labor Force	4,493,100	4,432,500	4,454,700	4,473,800	4,487,300
Employment	4,333,300	4,250,800	4,248,700	4,251,200	4,227,600
Unemployment	159,800	181,700	205,900	222,600	259,700
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.8%

Business and Industry

There is, at present, modest industrial activity in the Township. However, there are approximately 400 acres zoned for business use. Non-residential uses make up seven percent of the Township's tax base.

Most commercial activity is located in the Village Center District. Business activity in the area includes a 10,000 square foot CVS Pharmacy retail facility opened in 1999. The largest commercial property, known as the Gregories Center (70,000 +/- sq. ft.) was recently purchased and will be redeveloped into a mixed-use (retail and residential) project.

There is an industrial park in the center of the Township with improvements (road and utilities) that is subdivided into four lots. One lot is developed with a 7,000 square foot warehouse that houses a regional plumbing distributor. Applications are pending for the development of two other lots totaling 30,000 square feet of flex space.

The bulk of land available for large-scale industrial and commercial development in the Township is located along Route 206. Although the past fifteen years has seen some development in the form of warehouse space, interest in development is expected to accelerate once sewer service is available to the area.

A variety of other commercial properties are scattered throughout the municipality. The more significant of these includes a regional restaurant and banquet hall called O'Connor's and a co-generation plant powered by methane captured from a closed landfill.

As host to the aforementioned Smithville Park, the Township is working with Burlington County to on a tourism program around the historic area that will link preserved agricultural lands and local businesses.

Village Center District zoning and architectural/site design standards adopted in 2003 have resulted in applications for approximately 35,000 square feet of office, warehouse and mixed-use development in the Township.

Eastampton Place has five residential buildings containing one hundred thirty high end efficiency apartments with 5,600 square feet of commercial space.

Eastampton Place West has six residential buildings containing two hundred forty-four high end efficiency apartments, with 10,000 square feet of retail space and a 4,303 square foot clubhouse and pool.

Lennar is an age restricted community with 452 homes being building built with a 10,493 square foot clubhouse and 1,500 square foot pool. The commercial space consists of $15,500 square feet.

Holgate is a family neighborhood consisting of fifty five townhomes and eight single family cottages.

Building, Zoning and Development Codes

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

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

The Township has adopted the State of New Jersey's Municipal Land Use Law, which provides the Township's Land Use Planning Board authority to regulate most land uses. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety, and general welfare. In 2002, the Township Council merged the Planning Board and Zoning Board into a more efficient Land Use Planning Board that could handle both development applications and variances.

Building Permits(1)

Year	Number of Permits	Value of Construction
2020(2)	129	$10,020,500.00
2019	257	21,429,350.00
2018	271	7,617,225.00
2017	320	5,102,441.00
2016	327	5,059,017.01
2015	260	5,925,088.00

TEN LARGEST NON-GOVERMENTAL EMPLOYERS IN THE TOWNSHIP

Employer	Nature of Business	Employees
O'Connors Bar & Grille	Restaurant	61
John & Molly's Tavern	Tavern	35
CVS	Store and Pharmacy	23
Olde World Bakery	Bakery	20
Growmark	Farming Services	17
Russo's	Restaurant	15
Michael Risoldi's Auto Repair	Auto Services	10
Epicore	Biological Laboratory	8
Boilermakers Local 28	Union	7
Flynn's Towing	Towing	7

(1) Source: Township Construction Office.
(2) As of June 15, 2020

INFORMATION ON THE SCHOOL DISTRICT(1)

History and Education

The Board of Education of the Township of Eastampton ("School District") operates under the provisions of Title 18A, of the State Statutes. It functions independently through a seven-member board, elected by the citizens in alternate three-year terms. There is presently one elementary and one middle school in use for grades kindergarten through eighth, both of which are located in one building.

Township high school students attend the Rancocas Valley Regional School District ("Regional School District"), which presently operates a high school for grades 9 through 12.

The Regional School District functions through a nine (9) member board, elected by the citizens in alternate three-year terms. The Regional School District comprises the Townships of Eastampton, Westampton, Mt. Holly, Lumberton and Hainesport. Taxes for the support of the Regional School District, are levied on the valuations in the five municipalities as equalized by the County.

Local School District School Enrollments (10/15 of year)

Grade	2019	2018	2017	2016	2015
K	49	64	46	60	64
1	58	50	58	50	56
2	41	53	50	59	55
3	49	57	56	55	56
4	51	56	55	51	45
5	55	49	56	46	44
6	48	54	44	47	55
7	56	47	43	59	61
8	55	45	59	62	60
Sp. Ed.	115	125	107	109	112
Totals	577	600	574	598	608

Present School Facilities, Enrollment and Capacity

Facility	Date Constructed	Renovations/ Additions	Grades	Enrollment 10/15/19	Functional Capacity
Eastampton Community School	2005/06	N/A	K-8	577	771

Local Budget History

Budget Year	Outcome of Election	Amount of Current Expense
2020-2021	(2)	$9,472,285
2019-2020	(2)	9,523,831
2018-2019	(2)	9,348,104
2017-2018	(2)	9,250,008
2016-2017	(2)	9,148,967

(1) Source: Local School District Officials.
(2) Current Expense Levy was within the 2.0% State CAP, therefore an election was not required.

Local School District Employees(1)

	June 30,				
	2019	2018	2017	2016	2015
Permanent Employees	86	90	89	100	95

Local School District Employee Collective Bargaining Units(1)

Collective Bargaining Unit	Employees Represented	Contract Expiration Date
Education Association	73	June 30, 2021

Compensated Absences

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to three personal days and various vacation days per their contract which may be carried forward to subsequent years. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

Pension Plans

Those School District employees who are eligible for pension coverage are enrolled in one of two pension systems established for school districts by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State.

Regional High School District Enrollments(2)

	Oct. 15,				
Grade	2019	2018	2017	2016	2015
Totals	2,048	2,047	2,059	2,086	2,019

HIGHER EDUCATION FACILITIES

Rowan College at Burlington County (Formerly Burlington County College)

Rowan College at Burlington County (formerly Burlington County College) ("RCBC" or the "County College") is a comprehensive, publicly supported, coeducational, two-year institution developed by the County and the State and accredited by the Middle States Association of Colleges and Schools. The County College was founded in October 1965 and opened in September 1969. The 225-acre main campus is located on Pemberton-Browns Mills Road in Pemberton Township, while the Mount Laurel campus opened in July 1995. The Freeholder Board sponsors the College, appointing nine of the twelve Trustees.

---

(1) Source: Local School District Officials.
(2) Source: Regional School District On Roll Advertised Enrollments.

In June 2015, the Rowan University Board of Trustees approved a resolution to partner with the County College thereby allowing students to obtain a bachelor's degree from Rowan University on the County College's Mount Laurel Campus. The unique partnership provides students the opportunity to seamlessly transition from the community college to the university. RCBC is the first community college in the region to offer junior-level courses as part of the “3+1” program in which students complete 75 percent of a Rowan University degree with the community college before completing their senior year at the university.

In July 2015, RCBC announced a transition from its original Pemberton Campus to the more accessible and modern Mount Laurel Campus. All of the academic programs have been moved to Mount Laurel. Located at the intersection of Route 38 and I-295, the 100-acre Mount Laurel campus is already home to the Technology and Engineering Center. Joining it as part of the transformed Mount Laurel campus is a new Health Sciences Center as well as a new Student Success Center - a 78,000 square foot, $25.4 million state-of-the-art building that will feature a one-stop shop for student services from enrollment to academic planning, knowledge commons library, bookstore, dining area and state-of-the-art technology. This building will serve as the gateway to the newly transformed Mount Laurel campus with a total investment of $55 million and renovation of 240,000 square feet.

RCBC's fall 2019 enrollment in academic courses was 8,493 students. In addition, the County College serves thousands of other County residents each semester through youth programs, Learning is for Everyone, workforce development, theatrical productions, guest speakers, and art exhibitions.

The Board of Trustees governs the County College and certain fiscal matters are subject to review by the Board of School Estimate. The County College is not permitted to borrow for capital expenditures. Instead, the Board of Trustees and the Board of School Estimate certify the need for funding to the Board, which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law.

Burlington County Institute of Technology

The Burlington County Board of Vocational Education was created by the Board in 1962 after a favorable referendum. The enrollment for the two campuses, Westampton and Medford, is 2,092 students as of June 30, 2019.

The Burlington County Institute of Technology ("BCIT") is governed by a consolidated Board of Education of the Special Services School District and the Vocational School District of the County of Burlington and certain fiscal matters are subject to the review of the Board of School Estimate. BCIT is not permitted to borrow for capital expenditures. Instead, the Board of Education and the Board of School Estimate certify the need for funding to the Board which either currently appropriates the amount certified or authorizes the issuance of County debt, generally in accordance with the provisions of the Local Bond Law except that no down payment is required.

BCIT contributes to the County workforce each year an average of 462 high school seniors certified in one of thirty-three career and technical programs and, through its Adult School Division, approximately 760 adults who have completed either a certification or licensing program in one of the thirty-five career programs offered. The Superintendent of BCIT is the liaison between the education community of the County and business and industry.

Burlington County Special Services School District

The Burlington County Special Services School District (“Special Services School District”) was created by the Board in June 1972. The Special Services School District is comprised of state-of-the-art facilities located in the Townships of Westampton, Lumberton, Medford, and Mount Laurel and programs are provided for: (1) the orthopedically handicapped, the multiple handicapped, autistic and deaf and hard of hearing; (2) elementary school students with severe emotional and social problems;

(3) students ages fourteen (14) through twenty-one (21) with educational needs which are beyond the capabilities of existing local school boards and regions; and (4) trainable mentally retarded young people from ages fourteen (14) to twenty-one (21). The enrollment for the Special Services School District for the 2018-19 academic year is 590 students.

CERTAIN TAX INFORMATION
TEN LARGEST REAL PROPERTY TAXPAYERS(1)

Name of Taxpayer	Nature of Business	2020 Assessed Valuation
East Coast Sherwood Village, LLC	Apartment Complex	$ 19,282,600
East Coast Eastampton Apts, LLC	Apartment Complex	14,189,500
US Home Corporation	Real Estate	2,031,400
Eastampton Place Urban Renewal LLC	Landfill Closure and Methane Production	1,952,500
Eastampton Place West Urban Renewal	Apartment Complex	1,500,000
Infosino Inc.	Restaurant	1,460,800
Pharmacy Dev-East LLC (CVS)	Retail Pharmacy	1,435,900
Inter Bro of Boilermaker Local 28, LLC	Boilermaker	1,319,500
Delorenzo Paper Stock Inc.	Rental Condos and Townhouses	1,287,200
GMK Holdings LLC	Cross Industry Business	1,272,300

CURRENT TAX COLLECTIONS (2)

		Collected in Year of Levy		Outstanding December 31	
Year	Total Levy	Amount	Percentage	Amount	Percentage
2019 (3)	$ 14,093,432	$ 13,988,302	99.25%	$ 15,771	0.11%
2018	13,952,984	13,898,989	99.61%	4,588	0.03%
2017	13,380,719	13,339,236	99.69%	5,101	0.04%
2016	13,168,378	13,080,594	99.33%	9,933	0.08%
2015	13,162,557	13,104,873	99.56%	6,754	0.05%

DELINQUENT TAXES (2)

	Outstanding		Collected		Other	Outstanding
Year	January 1	Added	Amount	Percentage	Credits	December 31
2019 (3)	$ 12,014	$ 3,266				$ 15,280
2018	9,575	1,750	$ 3,899	34.43%		7,426
2017	11,480	1,000	7,756	62.14%	$ 250	4,474
2016	6,754	250	5,457	100.00%		1,547
2015	3,382	1,025	3,118	71.72%	1,289	2,238

---
(1) Source: Assessor's Office.
(2) Source: Annual Report of Audit, unless other indicated
(3) Source: Annual Compiled Financial Statement

TAX TITLE LIENS (1)

Year		Balance January 1	Added by Sales and Transfers	Collected	Cancellations/ Foreclosures	Balance December 31
2019	(2)	$ 623,931	$ 63,840			$ 687,771
2018		597,464	31,817	$ 5,350		623,931
2017		572,995	38,180	13,711		597,464
2016		543,363	38,954	4,451	$ 4,871	572,995
2015		510,535	34,616	1,788		543,363

FORECLOSED PROPERTY (1)

The Township has held no foreclosed property for the last five years.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

			Tax Rate (4)							
						County				
Year	Net Valuation Taxable	Total Rate	Municipal	Municipal Open Space	Fire District	Library	County	Open Space	Local School	Regional High School District
2020	$ 449,612,105	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2019	449,825,422	$ 3.115	$ 0.831	$ 0.050	$ 0.066	$ 0.034	$ 0.363	$ 0.033	$ 1.307	$ 0.431
2018	433,302,554	3.122	0.851	0.052	0.066	0.032	0.363	0.027	1.263	0.468
2017	430,270,904	3.092	0.851	0.052	0.065	0.033	0.352	0.042	1.244	0.453
2016	428,795,214	3.065	0.851	0.052	0.066	0.034	0.357	0.042	1.224	0.439
2015	428,042,701	3.071	0.851	0.051	0.066	0.035	0.371	0.044	1.180	0.473

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA (5)

Year	Real Property Assessed Valuation	Percentage of True Value	True Value	True Value per Capita	Population		
2020	$ 449,150,498	89.33%	$ 502,799,169	$ 81,836	6,144	(6)	2019 Est
2019	449,353,998	89.33%	503,026,976	81,873	6,144	(6)	2019 Est
2018	432,831,798	92.97%	465,560,716	78,259	5,949	(7)	2018 Est
2017	429,798,700	95.12%	451,848,928	75,636	5,974	(8)	2016 Est
2016	428,323,700	95.11%	450,345,600	75,384	5,974	(8)	2016 Est

(1) Source: Annual Report of Audit, unless otherwise indicated
(2) Source: Annual Compiled Financial Statement
(3) Source: Township Tax Collector
(4) Per $100 of assessed valuation
(5) Source: State of New Jersey, Department of Treasury, Division of Taxation
(6) Based on Estimated Census 2019
(7) Based on Estimated Census 2018
(8) Based on Estimated Census 2016

REAL PROPERTY CLASSIFICATION (1)

Year	Assessed Value of Land and Improvements	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments
2020	$ 449,150,498	$ 5,352,200	$ 375,185,600	$ 2,340,500	$ 24,885,898	$ 3,863,400	$ 37,522,900
2019	449,353,998	7,482,200	377,053,400	2,279,100	24,632,198	3,624,400	34,282,700
2018	432,831,798	8,242,300	363,390,000	2,365,300	20,927,098	3,624,400	34,282,700
2017	429,798,700	8,248,200	361,696,500	2,374,400	19,572,500	3,624,400	34,282,700
2016	428,323,700	4,752,400	363,860,200	1,280,100	20,523,900	3,624,400	34,282,700

(1) Source: Township Tax Assessor

TOWNSHIP OF EASTAMPTON
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019

The following table summarizes the direct debt of the Township of Eastampton as of December 31, 2019 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General debt and debt of the Township of Eastampton School District and Rancocas Valley Regional High School District. Deductions from gross debt to arrive at net debt include deductible school debt. The resulting net debt of $7,391,360 represents 1.56% of the average of equalized valuations for the Township for the last three years, within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Deductions	
	Bonds	Notes	Gross Debt	School Debt	Net Debt
General	$ 3,780,000	$ 3,611,360	$ 7,391,360		$ 7,391,360
School - Local	6,910,000		6,910,000	$ 6,910,000	
School - Regional	3,409,427		3,409,427	3,409,427	
	$ 14,099,427	$ 3,611,360	$ 17,710,787	$ 10,319,427	$ 7,391,360

Source: Township Chief Financial Officer
As of: December 31, 2019

DEBT RATIOS AND VALUATIONS (1) (2)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	$	473,478,873
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019		1.56%
2020 Net Valuation Taxable	$	449,612,105
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	$	503,260,776
Gross Debt (3):		
As a percentage of 2020 Net Valuation Taxable		3.94%
As a percentage of 2020 Equalized Valuations		3.52%
Net Debt (3):		
As a percentage of 2020 Net Valuation Taxable		1.64%
As a percentage of 2020 Equalized Valuations		1.47%
Gross Debt Per Capita (4)	$	2,883
Net Debt Per Capita (4)		1,203

TOWNSHIP BORROWING CAPACITY(1) (2)

3.5% of Averaged (2017-2019) Equalized Valuation of Real Property including Improvements ($473,478,873)	$	16,571,761
Net Debt		7,391,360
Remaining Borrowing Capacity	$	9,180,401

LOCAL SCHOOL DISTRICT BORROWING CAPACITY(1) (2)

3% of Averaged (2017-2019) Equalized Valuation of Real Property including Improvements ($473,478,873)	$	14,204,366
Local School Debt		6,910,000
Remaining Borrowing Capacity	$	7,294,366

REGONAL HIGH SCHOOL DISTRICT(1) (2)

3% of Averaged (2017-2019) Equalized Valuation of Real Property including Improvements ($4,516,303,542)	$	135,489,106
Regional School Debt (5)		32,521,981
Remaining Borrowing Capacity	$	102,967,125

(1) As of December 31, 2019
(2) Source: Township Audit Report
(3) Excluding overlapping debt
(4) Based on 2019 Estimate from New Jersey Department of Labor of 6,144
(5) Debt portion allocated to the Township is $3,409,427

TOWNSHIP OF EASTAMPTON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2019

	Debt Issued										
		Debt Outstanding		Deductions			Net Debt Outstanding		Net Debt Outstanding Allocated to the Issuer		**Debt Authorized but not Issued**
County of Burlington:											
General	$	225,498,573	$	20,051,390	(1)	$	205,447,183	$	2,075,017 (2)	$	15,863,827
Bonds Issued by Other Public Bodies Guaranteed by the County		409,610,800		409,610,800	(3)						
Solid Waste Utility		43,985,000		43,985,000							2,526,193
	$	679,094,373	$	473,647,190		$	205,447,183	$	2,075,017	$	18,390,020

(1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
(2) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuations on which County taxes are apportioned, which is 1.01%.
(3) Deductible in accordance with N.J.S. 40:37A-80.

TOWNSHIP OF EASTAMPTON

SCHEDULE OF DEBT SERVICE (1)

BONDED DEBT ONLY

	General		
Year	Principal	Interest	Total
2020	$ 410,000	$ 128,150	$ 538,150
2021	415,000	115,850	530,850
2022	425,000	103,400	528,400
2023	430,000	86,400	516,400
2024	425,000	73,500	498,500
2025	425,000	58,625	483,625
2026	420,000	43,750	463,750
2027	415,000	29,050	444,050
2028	415,000	14,525	429,525
	$ 3,780,000	$ 653,250	$ 4,433,250

(1) As of December 31, 2019

Source: Township

TOWNSHIP OF EASTAMPTON
2020 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:		
Fund Balance	$	575,000.00
Miscellaneous Revenues:		
Local Revenues		468,838.00
State Aid without Offsetting Appropriations		426,947.00
Dedicated Uniform Construction Code Fees		330,000.00
Interlocal Municipal Service Agreements		25,000.00
Public and Private Programs Offset with Appropriations		234,032.42
Other Special Items Offset with Appropriations		30,770.37
Amount to be Raised by Taxation for Municipal Purposes:		
Local Tax		3,880,829.10
Total Anticipated Revenues	$	5,971,416.89
Appropriations:		
Within CAPS:		
Operations	$	4,402,230.00
Deferred Charges and Statutory Expenditures		740,253.00
Excluded from CAPS:		
Other Operations		7,638.00
Interlocal Municipal Service Agreements		216,500.00
Public and Private Programs		236,532.42
Capital Improvements		97,000.00
Debt Service		177,263.47
Reserve for Uncollected Taxes		94,000.00
Total Appropriations	$	5,971,416.89

MUNICIPAL OPEN SPACE FUND

Anticipated Revenues:		
Amount to be Raised by Taxation	$	224,806.05
Miscellaneous		11,000.00
Reserve Funds		424,142.95
Total Revenues	$	659,949.00
Appropriations:		
Development of Lands	$	160,000.00
Debt Service		499,949.00
Total Appropriations	$	659,949.00

TOWNSHIP OF EASTAMPTON
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2025

	Estimated Total Cost	Capital Improvement Fund	Bonds and Notes General
Various Projects - 2020 Capital Budget	$ 1,000,000.00	$ 50,000.00	$ 950,000.00

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF EASTAMPTON, IN THE COUNTY OF BURLINGTON, NEW JERSEY

FOR THE YEAR ENDED 2019

COMPILED FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Council
Township of Eastampton
Eastampton, New Jersey 08060

Management is responsible for the accompanying financial statements of the Township of Eastampton, in the County of Burlington, New Jersey, comprised of the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2019 and the related statement 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 County’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/ Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 1, 2020

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statemens of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

Regular Fund:	
Cash and Investments	$ 2,448,145
Cash - Change Fund	500
Prepaid Payroll	
Due State of New Jersey - Senior and Veteran	21,406
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes Receivable	31,051
Tax Title Liens Receivable	687,771
Revenue Accounts Receivable	8,025
Interfunds Receivable	210,934
Due Mount Holly MUA	
Deferred Charges	
Total Current Fund	3,407,832
Federal and State Grant Fund:	
Cash	
Federal and State Grants Receivable	885,343
Total Federal and State Grant Fund	885,343
	$ 4,293,175

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:	
Liabilities and Reserves:	
Appropriation Reserves	$ 338,095
Reserve for Encumbrances	78,040
Accounts Payable	4,954
Special Emergency and Emergency Note	
Prepaid Taxes	108,263
Tax Overpayments	33,118
Due County for Added and Omitted Taxes	11,421
Due Fire District Tax	3,659
Due Mount Holly Municipal Utilities Authority	65,165
Due to the State of New Jersey	5,335
Other Reserves	171,618
Interfunds Payable	589,963
Reserves for Receivables and Other Assets	937,781
Fund Balance	1,060,420
Total Current Fund	3,407,832
Federal and State Grant Fund:	
Reserve for Encumbrances	179
Interfunds Payable	160,040
Unappropriated Reserves	7,105
Appropriated Reserves	718,019
Total Federal and State Grant Fund	885,343
	$ 4,293,175

See Independent Accountant's Compilation Report and selected notes.

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

REVENUES AND OTHER INCOME REALIZED:	
Fund Balance Utilized	$ 530,000
Miscellaneous Revenue Anticipated	1,604,971
Receipts from Current Taxes	13,988,302
Non-Budget Revenues	73,067
Other Credits to Income	258,351
Total Revenues	16,454,691
EXPENDITURES AND ENCUMBRANCES:	
Budget Appropriations:	
Within "CAPS"	
Operations	
Salaries and Wages	2,366,457
Other Expenses	1,795,653
Statutory Expenditures - Deferred Charges	774,823
Excluded From "CAPS":	
Operations	532,355
Capital Improvements	55,000
Municipal Debt Service	196,467
Deferred Charge	153
Local District School Tax	5,573,229
Regional District School Tax	1,986,090
County Taxes	1,927,166
Due County for Added and Omitted Taxes	11,421
Municipal Open Space Tax	226,259
Fire District Taxes	292,700
Interfunds Created	160,040
Refund of Prior Year Revenue	36,442
Total Expenditures	15,934,255
Statutory Excess to Fund Balance	520,436
FUND BALANCE:	
January 1	1,069,984
	1,590,420
Decreased by:	
Utilized in Budget	530,000
December 31	$ 1,060,420

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
Statements of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2019

Animal Control Fund:	
Cash	$ 7,288
Municipal Open Space Fund:	
Cash	776,759
Interfunds Receivable	352,497
	1,129,256
Other Funds:	
Cash	973,114
Interfunds Receivable	1,890
	975,004
	$ 2,111,548

LIABILITIES AND RESERVES

Animal Control Fund:	
Interfunds Payable	$ 237
Reserve for Animal Control Expenditures	7,051
	7,288
Municipal Open Space Fund:	
Reserve for Municipal Open Space	1,127,366
Reserve for Encumbrances	
Interfunds Payable	1,890
	1,129,256
Other Funds:	
Due Bank	
Interfunds Payable - Payroll	21,020
Payroll Deductions Payable	21,616
Interfunds Payable	29,637
Reserve for Trust Other Funds	902,731
	975,004
	$ 2,111,548

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF EASTAMPTON
GENERAL CAPITAL FUND
Statements of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

ASSETS	
Cash	$ 712,611
Interfunds Receivable	237,466
Deferred Charges to Future Taxation:	
Funded	3,780,000
Unfunded	3,611,360
	$ 8,341,437
LIABILITIES, RESERVES AND FUND BALANCE	
General Serial Bonds	$ 3,780,000
Bond Anticipation Notes	3,611,360
Improvement Authorizations:	
Funded	1,216
Unfunded	343,106
Capital Improvement Fund	83
Reserve for Encumbrances	604,054
Fund Balance	1,618
	$ 8,341,437

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF EASTAMPTON

Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted

For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Eastampton (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 11, 1880 from portions of Westampton Township. The Township, located in Burlington County, New Jersey, has a total area of approximately five square miles, and is located approximately twenty-three miles from the City of Philadelphia. Mount Holly, Westampton, Springfield, Pemberton, Southampton, and Lumberton Townships. According to the 2010 census, the population is 5,949.

Faulkner Act System using Council-Manager form of government, with a five-member Council. The Council is elected directly by the voters in partisan elections to serve four-year terms of office on a staggered basis in even years as part of the November general election. At an annual reorganization meeting, the Council selects one of its members to serve as Mayor and another as Deputy Mayor. The Township Manager oversees the daily functions of the Township.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (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 Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. 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 Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

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

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

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

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

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

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

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

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

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Eastampton School District and the Rancocas Valley Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

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

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Eastampton Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

Open Space Taxes – Currently, the Township is authorized to assess by referendum, all taxable property between 3 and 23 cents per $100.00 of assessed value for the purchase and limited maintenance of open space property. For the year 2019, the open space tax was 5.0 cents.

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

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

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

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

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 fund. Where an improvement is a “local Improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

FOR THE YEARS ENDED 2018, 2017, 2016 AND 2015

AUDITED FINANCIAL STATEMENTS

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Eastampton
Eastampton, New Jersey 08060

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

601 White Horse Road | Voorhees, NJ 08043 | P 856.435.6200 | F 856.435.0440 | www.bowmanllp.com

Opinions

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

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

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

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

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Eastampton, in the County of Burlington, State of New Jersey, as of December 31, 2018, 2017, 2016 and 2015, 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 Township 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 7). 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

BOWMAN & COMPANY LLP
Certified Public Accountants & Consultants

Robert S. Marrone

Robert S. Marrone
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
September 13, 2019

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

	As of December 31,			
ASSETS	2018	2017	2016	2015
Regular Fund:				
Cash and Investments	$ 2,113,687	$ 1,954,904	$ 1,540,806	$ 1,296,109
Cash - Change Fund	500	500	500	500
Prepaid Payroll				63,437
Due State of New Jersey - Senior and Veteran	21,406	22,209	19,406	19,156
Receivables and Other Assets with Full Reserves:				
Delinquent Property Taxes Receivable	12,014	9,575	11,480	6,754
Tax Title Liens Receivable	623,931	597,464	572,995	543,363
Revenue Accounts Receivable	10,849	8,232	12,778	6,944
Interfunds Receivable	225,225	83,518	120,099	98,976
Due Mount Holly MUA		25	765	
Deferred Charges	81,165	1,285	66,000	114,000
Total Current Fund	3,088,777	2,677,712	2,344,829	2,149,239
Federal and State Grant Fund:				
Cash	6,942	46,664		2,373
Federal and State Grants Receivable	1,224,397	785,781	372,596	188,223
Total Federal and State Grant Fund	1,231,339	832,445	372,596	190,596
	$ 4,320,116	$ 3,510,157	$ 2,717,425	$ 2,339,835
LIABILITIES, RESERVES AND FUND BALANCE				
Regular Fund:				
Liabilities and Reserves:				
Appropriation Reserves	$ 179,995	$ 83,229	$ 87,983	$ 142,708
Reserve for Encumbrances	31,184	36,800	15,626	87,427
Accounts Payable	375	350		
Special Emergency and Emergency Note			66,000	114,000
Prepaid Taxes	54,106	285,910	61,031	51,759
Tax Overpayments	40,966	17,477	31,421	36,307
Due County for Added and Omitted Taxes	58,676	10,998	3,818	2,692
Due Fire District Tax	88,047			
Due Mount Holly Municipal Utilities Authority	49,745			
Due to the State of New Jersey	12,099	1,888	5,619	1,050
Other Reserves	267,875	251,903	153,863	184,875
Interfunds Payable	363,705	480,959	400,697	86,828
Reserves for Receivables and Other Assets	872,020	698,814	718,117	656,037
Fund Balance	1,069,984	809,384	800,654	785,556
Total Current Fund	3,088,777	2,677,712	2,344,829	2,149,239
Federal and State Grant Fund:				
Reserve for Encumbrances	3,510	3,477	76,887	48,575
Interfunds Payable			61,553	
Unappropriated Reserves		9,732	4,783	1,679
Appropriated Reserves	1,227,829	819,236	229,373	140,342
Total Federal and State Grant Fund	1,231,339	832,445	372,596	190,596
	$ 4,320,116	$ 3,510,157	$ 2,717,425	$ 2,339,835

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

TOWNSHIP OF EASTAMPTON
CURRENT FUND
Statements of Operations and Changes in Fund Balance -- Regulatory Basis

	For the Years Ended December 31,			
	2018	2017	2016	2015
REVENUES AND OTHER INCOME REALIZED:				
Fund Balance Utilized	$ 421,125	$ 393,775	$ 364,475	$ 252,511
Miscellaneous Revenue Anticipated	1,983,795	1,677,075	1,333,700	952,109
Receipts from Delinquent Taxes	9,249	21,466	10,196	4,905
Receipts from Current Taxes	13,898,989	13,339,236	13,080,594	13,104,873
Non-Budget Revenues	118,751	78,800	31,829	66,436
Other Credits to Income	50,601	97,461	218,638	175,210
Total Revenues	16,482,510	15,607,813	15,039,432	14,556,045
EXPENDITURES AND ENCUMBRANCES:				
Budget Appropriations:				
Within "CAPS"				
Operations				
Salaries and Wages	2,446,732	2,356,885	2,285,135	2,095,971
Other Expenses	1,587,590	1,442,912	1,356,745	1,332,927
Statutory Expenditures - Deferred Charges	654,631	559,175	570,246	531,256
Excluded From "CAPS":				
Operations	864,670	871,509	561,801	273,179
Capital Improvements	25,050	36,000	22,000	15,000
Municipal Debt Service	344,866	280,986	291,275	302,532
Deferred Charge		66,000	48,000	48,000
Local District School Tax	5,410,545	5,300,535	5,148,850	4,976,319
Regional District School Tax	1,991,025	1,917,649	1,955,083	1,991,680
County Taxes	1,823,161	1,834,373	1,850,914	1,920,881
Due County for Added and Omitted Taxes	58,676	10,998	3,818	2,693
Municipal Open Space Tax	232,502	225,059	223,432	222,887
Fire District Taxes	281,750	279,540	279,540	279,540
Interfunds Created	141,708	24,971	62,255	277
Prior Year Senior Citizens Disallowed	1,750			1,025
Due from Mount Holly MUA			765	
Refund of Prior Year Revenue	17,293			
Total Expenditures	15,881,949	15,206,592	14,659,859	13,994,167
Excess Revenues over Expenditures	600,561	401,221	379,573	561,877
Adjustments to Income Before Fund Balance	81,164	1,284		
Statutory Excess to Fund Balance	681,725	402,505	379,573	561,877
FUND BALANCE:				
January 1	809,384	800,654	785,556	476,190
	1,491,109	1,203,159	1,165,129	1,038,067
Decreased by:				
Utilized in Budget	421,125	393,775	364,475	252,511
December 31	$ 1,069,984	$ 809,384	$ 800,654	$ 785,556

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

TOWNSHIP OF EASTAMPTON
TRUST FUNDS
Statements of Assets, Liabilities and Reserves -- Regulatory Basis

	As of December 31,			
ASSETS	2018	2017	2016	2015
Animal Control Fund:				
Cash	$ 4,993	$ 2,300	$ 187	
Deferred Charge - Deficit			911	$ 1,092
	4,993	2,300	1,098	1,092
Municipal Open Space Fund:				
Cash	1,383,612	1,486,051	1,861,696	2,341,330
Interfunds Receivable	126,239	243,493	142,811	101
	1,509,851	1,729,544	2,004,507	2,341,431
Other Funds:				
Cash	846,882	575,941	454,572	547,086
Interfunds Receivable			1,196	
Accounts Receivable	2,593			
	849,475	575,941	455,768	547,086
	$ 2,364,319	$ 2,307,785	$ 2,461,373	$ 2,889,609
LIABILITIES AND RESERVES				
Animal Control Fund:				
Cash Deficit				$ 181
Interfunds Payable	$ 717	$ 717	$ 717	14
Prepaid Licenses				589
Due to State of New Jersey		4		38
Reserve for Encumbrances				270
Reserve for Animal Control Expenditures	4,276	1,579	381	
	4,993	2,300	1,098	1,092
Municipal Open Space Fund:				
Reserve for Municipal Open Space	1,509,419	1,725,442	2,000,608	2,335,976
Reserve for Encumbrances	432	4,102	3,899	5,455
Interfunds Payable				
	1,509,851	1,729,544	2,004,507	2,341,431
Other Funds:				
Due Bank				3,000
Interfunds Payable - Payroll	43,528	43,528	41,316	77,087
Payroll Deductions Payable	33,198	6,498	22,396	20,086
Interfunds Payable	180,989	39,281	16,514	21,883
Reserve for Encumbrances		1,439	11,544	37,351
Reserve for Trust Other Funds	591,760	485,195	363,998	387,679
	849,475	575,941	455,768	547,086
	$ 2,364,319	$ 2,307,785	$ 2,461,373	$ 2,889,609

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

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

	As of December 31,			
ASSETS	2018	2017	2016	2015
Cash	$ 368,442	$ 297,871	$ 463,761	$ 453,434
Interfunds Receivable	237,474	237,474	257,886	86,736
Deferred Charges to Future Taxation:				
Funded	4,195,000	4,610,000	5,025,000	5,440,000
Unfunded	2,642,912	2,437,075	1,978,308	1,770,554
	$ 7,443,828	$ 7,582,420	$ 7,724,955	$ 7,750,724
LIABILITIES, RESERVES AND FUND BALANCE				
General Serial Bonds	$ 4,195,000	$ 4,610,000	$ 5,025,000	$ 5,440,000
Bond Anticipation Notes	2,642,759	2,436,922	1,978,155	1,770,401
Improvement Authorizations:				
Funded	1,216	1,087	1,087	1,087
Unfunded	319,872	129,781	291,379	415,452
Capital Improvement Fund	83	33	33	1,533
Reserve for Encumbrances	283,280	402,979	428,067	122,213
Interfunds Payable			1,196	
Fund Balance	1,618	1,618	38	38
	$ 7,443,828	$ 7,582,420	$ 7,724,955	$ 7,750,724

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

TOWNSHIP OF EASTAMPTON
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Eastampton (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 11, 1880 from portions of Westampton Township. The Township, located in Burlington County, New Jersey, has a total area of approximately five square miles, and is located approximately twenty-three miles from the City of Philadelphia. The Township borders Mount Holly, Westampton, Springfield, Pemberton, Southampton, and Lumberton Townships. According to the 2010 census, the population is 5,949.

The Township is governed under the Faulkner Act System using Council-Manager form of government, with a five-member Council. The Council is elected directly by the voters in partisan elections to serve four-year terms of office on a staggered basis in even years as part of the November general election. At an annual reorganization meeting, the Council selects one of its members to serve as Mayor and another as Deputy Mayor. The Township Manager oversees the daily functions of the Township.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* (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 Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. 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 Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

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

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

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of $3,000.00. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

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

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

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

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

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

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Eastampton School District and the Rancocas Valley Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local and regional school districts for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

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

Open Space Taxes – Currently, the Township is authorized to assess by referendum, all taxable property between 3 and 23 cents per $100.00 of assessed value for the purchase and limited maintenance of open space property. For the year 2018, the open space tax was 5.2 cents.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Eastampton Fire District. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

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

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

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

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

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 fund. Where an improvement is a “local Improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township 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 Township.

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2018, the Township’s bank balances of $4,662,654.26 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	$ 4,065,864.05
Uninsured and Uncollateralized	596,790.21
Total	$ 4,662,654.26

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

	Year Ended				
	2018	**2017**	**2016**	**2015**	**2014**
Tax Rate	$ 3.122	$ 3.092	$ 3.065	$ 3.071	$ 2.996
Apportionment of Tax Rate:					
Municipal	$ 0.851	$ 0.851	$ 0.851	$ 0.851	$ 0.851
Municipal Open Space	0.052	0.052	0.052	0.051	0.052
Fire District	0.066	0.065	0.066	0.066	0.070
County	0.363	0.352	0.357	0.371	0.370
County Open Space	0.027	0.042	0.042	0.044	0.017
County Library	0.032	0.033	0.034	0.035	0.034
Local School	1.263	1.244	1.224	1.180	1.145
Regional High School District	0.468	0.453	0.439	0.473	0.457

Assessed Valuation

Year	Amount
2018	$ 433,302,554.00
2017	430,270,904.00
2016	428,795,214.00
2015	428,042,701.00
2014	428,423,586.00

Comparison of Tax Levies and Collections

Year	Tax Levy	Collections	Percentage of Collections
2018	$ 13,952,983.97	$ 13,898,989.37	99.61%
2017	13,380,719.26	13,339,235.80	99.69%
2016	13,168,378.29	13,080,594.32	99.33%
2015	13,162,556.52	13,104,872.76	99.56%
2014	12,858,385.74	12,811,030.22	99.63%

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

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2018	$ 623,930.68	$ 12,014.18	$ 635,944.86	4.56%
2017	597,464.20	9,575.21	607,039.41	4.54%
2016	572,994.85	11,480.07	584,474.92	4.44%
2015	543,363.17	6,753.75	550,116.92	4.18%
2014	510,534.77	3,382.26	513,917.03	4.00%

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

Year	Number
2018	32
2017	36
2016	31
2015	31
2014	30

Note 4: 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

Year	Balance December 31,	Utilized in Budget of Succeeding Year	Percentage of Fund Balance Used
2018	$ 1,069,984.01	$ 525,000.00	49.07%
2017	809,384.01	421,125.00	52.03%
2016	800,653.88	393,775.00	49.18%
2015	785,556.26	364,475.00	46.40%
2014	476,190.02	252,511.00	53.03%

Note 5: INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Interfunds Receivable	Interfunds Payable
Current	$ 225,225.39	$ 363,705.05
Trust - Animal Control		716.95
Trust - Open Space	126,238.65	
Trust - Other		224,516.44
General Capital	237,474.40	
Totals	$ 588,938.44	$ 588,938.44

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 Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 6: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
https://www.nj.gov/treasury/pensions/financial-reports.shtml

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 Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

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

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

Note 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

The following represents the membership tiers for PFRS:

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 Township's contractually required contribution rate for the year ended December 31, 2018 was 15.53% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Note 6: 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is $102,807.00, 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 Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was $97,213.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $50,243.36.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2018 was 28.79% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is $379,857.00, and was payable by April 1, 2019. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was $348,949.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were $133,702.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2018 was 3.21% of the Township's covered payroll. Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is $42,296.00, and was payable by April 1, 2019. Based on the PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 was $34,093.00, which was paid on April 1, 2018.

Note 6: <u>PENSION PLANS (CONT'D)</u>

<u>General Information about the Pension Plans (Cont'd)</u>

Contributions (Cont'd)

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

For the year ended December 31, 2018, employee contributions totaled $1,846.95, and the Township's contributions were $561.23. There were no forfeitures during the year.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

Public Employees' Retirement System - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was $2,035,051.00. 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was .0103357179%, which was a decrease of .0001579904% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $213,540.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PERS was $97,213.00, and was paid on April 1, 2018.

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

Township's Proportionate Share of Net Pension Liability	$ 5,257,613.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	714,160.00
	$ 5,971,773.00

Note 6: PENSION PLANS (CONT'D)

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

Police and Firemen's Retirement System (Cont'd) - 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 Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2018 measurement date, the Township's proportion was .0388541949%, which was a decrease of .0005742483% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was .0388541949%, which was a decrease of .0005742483% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is $554,124.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township's contribution to PFRS was $348,949.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is $84,591.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	$ 38,809.00	$ 53,489.00	$ 92,298.00	$ 10,493.00	$ 21,757.00	$ 32,250.00
Changes of Assumptions	335,343.00	451,295.00	786,638.00	650,701.00	1,347,435.00	1,998,136.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	19,089.00	28,764.00	47,853.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	468,980.00	370,101.00	839,081.00	180,355.00	93,570.00	273,925.00
Township Contributions Subsequent to the Measurement Date	51,404.00	189,929.00	241,333.00	-	-	-
	$ 894,536.00	$ 1,064,814.00	$ 1,959,350.00	$ 860,638.00	$ 1,491,526.00	$ 2,352,164.00

$51,404.00 and $189,929.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

Note 6: PENSION PLANS (CONT'D)

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

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

	PERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	5.00	-	5.00	-
June 30, 2016	5.00	-	5.00	-
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73

Note 6: PENSION PLANS (CONT'D)

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

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

Year Ending Dec 31,	PERS	PFRS	Total
2019	$ 114,848.00	$ 191,558.00	$ 306,406.00
2020	51,280.00	(73,687.00)	(22,407.00)
2021	(66,336.00)	(384,307.00)	(450,643.00)
2022	(74,389.00)	(252,858.00)	(327,247.00)
2023	(42,909.00)	(97,347.00)	(140,256.00)
	$ (17,506.00)	$ (616,641.00)	$ (634,147.00)

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:

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

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' and PFRS' target asset allocation as of June 30, 2018 are summarized in the following table:

Note 6: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2018 was 5.66% for PERS and 6.51% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Note 6: PENSION PLANS (CONT'D)

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

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

	PERS		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	$ 2,558,843.00	$ 2,035,051.00	$ 1,595,624.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the Net Pension Liability	$ 7,036,663.00	$ 5,257,613.00	$ 3,790,221.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	955,814.54	714,160.00	514,839.02
	$ 7,992,477.54	$ 5,971,773.00	$ 4,305,060.02

Pension Plan Fiduciary Net Position

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

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information

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

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

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
Township's Proportion of the Net Pension Liability	0.0103357179%	0.0104937083%	0.0076926045%
Township's Proportionate Share of the Net Pension Liability	$ 2,035,051.00	$ 2,442,768.00	$ 2,278,329.00
Township's Covered Payroll (Plan Measurement Period)	$ 725,832.00	$ 687,768.00	$ 494,196.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.37%	355.17%	461.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
Township's Proportion of the Net Pension Liability	0.0092285757%	0.0094062781%	0.0075069055%
Township's Proportionate Share of the Net Pension Liability	$ 2,071,630.00	$ 1,761,113.00	$ 1,434,719.00
Township's Covered Payroll (Plan Measurement Period)	$ 636,596.00	$ 650,504.00	$ 517,836.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	325.42%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Township's Contractually Required Contribution	$ 102,807.00	$ 97,213.00	$ 68,340.00
Township's Contribution in Relation to the Contractually Required Contribution	(102,807.00)	(97,213.00)	(68,340.00)
Township's Contribution Deficiency (Excess)	$ -	$ -	$ -
Township's Covered Payroll (Calendar Year)	$ 662,040.00	$ 734,307.00	$ 689,447.00
Township's Contributions as a Percentage of Covered Payroll	15.53%	13.24%	9.91%

	Year Ended December 31,		
	2015	**2014**	**2013**
Township's Contractually Required Contribution	$ 79,341.00	$ 77,544.00	$ 56,563.00
Township's Contribution in Relation to the Contractually Required Contribution	(79,341.00)	(77,544.00)	(56,563.00)
Township's Contribution Deficiency (Excess)	$ -	$ -	$ -
Township's Covered Payroll (Calendar Year)	$ 551,887.00	$ 596,113.00	$ 630,137.00
Township's Contributions as a Percentage of Covered Payroll	14.38%	13.01%	8.98%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

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

	Measurement Date Ended June 30,		
	2018	**2017**	**2016**
Township's Proportion of the Net Pension Liability	0.0388541949%	0.0394284432%	0.0371495057%
Township's Proportionate Share of the Net Pension Liability	$ 5,257,613.00	$ 6,086,989.00	$ 7,096,506.00
State's Proportionate Share of the Net Pension Liability associated with the Township	714,160.00	681,794.00	595,930.00
Total	$ 5,971,773.00	$ 6,768,783.00	$ 7,692,436.00
Township's Covered Payroll (Plan Measurement Period)	$ 1,303,928.00	$ 1,276,288.00	$ 1,155,936.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	403.21%	476.93%	613.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%

	Measurement Date Ended June 30,		
	2015	**2014**	**2013**
Township's Proportion of the Net Pension Liability	0.0374406943%	0.0349794064%	0.0327652538%
Township's Proportionate Share of the Net Pension Liability	$ 6,236,315.00	$ 4,400,085.00	$ 4,355,845.00
State's Proportionate Share of the Net Pension Liability associated with the Township	546,904.00	473,815.00	406,018.00
Total	$ 6,783,219.00	$ 4,873,900.00	$ 4,761,863.00
Township's Covered Payroll (Plan Measurement Period)	$ 1,185,676.00	$ 1,104,820.00	$ 1,028,420.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	398.26%	423.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

Note 6: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Township's Contractually Required Contribution	$ 379,857.00	$ 348,949.00	$ 302,895.00
Township's Contribution in Relation to the Contractually Required Contribution	(379,857.00)	(348,949.00)	(302,895.00)
Township's Contribution Deficiency (Excess)	$ -	$ -	$ -
Township's Covered Payroll (Calendar Year)	$ 1,319,527.00	$ 1,301,945.00	$ 1,277,557.00
Township's Contributions as a Percentage of Covered Payroll	28.79%	26.80%	23.71%

	Year Ended December 31,		
	2015	**2014**	**2013**
Township's Contractually Required Contribution	$ 304,337.00	$ 268,666.00	$ 239,048.00
Township's Contribution in Relation to the Contractually Required Contribution	(304,337.00)	(268,666.00)	(239,048.00)
Township's Contribution Deficiency (Excess)	$ -	$ -	$ -
Township's Covered Payroll (Calendar Year)	$ 1,192,196.00	$ 1,171,763.00	$ 1,118,871.00
Township's Contributions as a Percentage of Covered Payroll	25.53%	22.93%	21.37%

Note 6: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms
None

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

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

For 2016, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the Plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the social security wage base was set at $118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000.00 for 2015, increasing 3.00% per annum, compounded annually.

Police and Firemen's Retirement System (PFRS)

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

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

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

For 2016, the mortality improvement scale incorporated the Plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter.

For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Township 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.

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.

Note 7: <u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)</u>

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

<u>General Information about the OPEB Plan (Cont'd)</u>

Contributions (Cont'd) - The Township was billed monthly by the Plan and paid $10,205.73 for the year ended December 31, 2018, representing 0.52% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute $381.27.

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 Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is $158,868.00 for the year ended December 31, 2018 representing 8.02% of the Township's covered payroll.

<u>OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources</u>

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

Township's Proportionate Share of Net OPEB Liability	$	2,420,336.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township		5,248,151.00
	$	7,668,487.00

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.

Note 7: <u>POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)</u>

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

<u>OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)</u>

OPEB Liability (Cont'd) - The Township'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 Township's proportion was 0.015449% which was an increase of 0.001152% 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 Township 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 Township was 0.084459% which was an increase of 0.001829% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is $114,165.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2018, the Township made contributions to the Plan totaling $10,205.73.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is $158,868.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ -	$ 491,415.00
Changes of Assumptions	-	613,950.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,279.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	229,159.00	73,255.00
Township Contributions Subsequent to the Measurement Date	-	-
	$ 230,438.00	$ 1,178,620.00

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (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 (Cont'd) - The Township 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
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 Township 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:

Year Ending Dec. 31,		
2019	$	(142,153.00)
2020		(142,153.00)
2021		(142,153.00)
2022		(142,288.00)
2023		(142,507.00)
Thereafter		(236,928.00)
	$	(948,182.00)

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (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) are the unit cost of value of $1.00. Participant shares are valued on a fair value basis. The CMF pay 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.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

Actuarial Assumptions (Cont'd)

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.

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 Township'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 Township 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:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Township's Proportionate Share of the Net OPEB Liability	$ 2,839,694.00	$ 2,420,336.00	$ 2,085,364.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	6,157,469.00	5,248,151.00	4,521,812.00
	$ 8,997,163.00	$ 7,668,487.00	$ 6,607,176.00

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

The Township'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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Township's Proportionate Share of the Net OPEB Liability	$ 2,018,948.00	$ 2,420,336.00	$ 2,939,791.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	4,377,799.00	5,248,151.00	6,374,515.00
	$ 6,396,747.00	$ 7,668,487.00	$ 9,314,306.00

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

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.

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 Township's Proportionate Share of the net OPEB Liability (Last 2 Years)

	Measurement Date Ended June 30,	
	2018	**2017**
Township's Proportion of the Net OPEB Liability	0.015449%	0.014297%
Township's Proportionate Share of the Net OPEB Liability	$ 2,420,336.00	$ 2,918,845.00
State's Proportionate Share of the Net OPEB Liability Associated with the Township	5,248,151.00	7,185,020.00
Total	$ 7,668,487.00	$ 10,103,865.00
Township's Covered Payroll (Plan Measurement Period)	$ 2,010,221.00	$ 2,027,139.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	120.40%	143.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

A. STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN (CONT'D)

Supplementary OPEB Information (Cont'd)

Schedule of the Township's Contributions (Last 2 Years)

	Year Ended December 31,	
	2018	**2017**
Township's Required Contributions	$ 10,205.73	$ 7,556.16
Township's Contributions in Relation to the Required Contribution	(10,205.73)	(7,556.16)
Township's Contribution Deficiency (Excess)	$ -	$ -
Township's Covered Payroll (Calendar Year)	$ 1,981,567.00	$ 2,036,252.00
Township's Contributions as a Percentage of Covered Payroll	0.52%	0.37%

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 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN

Plan Description and Benefits Provided - The Township provides postretirement dental coverage to eligible retired employees and their families until Medicare age is attained. The Township's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Township who have at least twenty (25) years of service with the Township and are at least 55 years of age. Currently, one (1) retiree meets these eligibility requirements. The plan is administered by the Township; therefore, premium payments are made directly to the insurance carriers. Reimbursements by the retiree are paid in semi-yearly installments after the Township provides the retiree with a detailed accounting of the costs.

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	1
Active Employees	10
	11

Total OPEB Liability

The Township's total OPEB liability of $32,038.00 was measured as of December 31, 2018 and was determined by an actuarial valuation as of this same date.

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

Inflation	5.00% Annually
Salary Increases	5.00% Annually
Discount Rate	3.64%
Healthcare Cost Trend Rates	5.00% Annually
Retirees' Share of Benefit-Related Costs	20% of the premium charge

The discount rate was based on the 20-Bond General Obligation (GO) Index.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females as appropriate.

An experience study was not performed on the actuarial assumptions used in the December 31, 2018 valuation since the Plan had insufficient data to produce a study with credible results. Mortality rates, termination rates and retirement rates were based on various standard tables. The actuary has used their professional judgement in applying these assumptions to this Plan.

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Changes in Total OPEB Liability

Balance at December 31, 2017		$ 37,362.00
Changes for the Year:		
Service Cost	$ 3,386.00	
Interest Cost	1,353.00	
Benefit Payments	(406.00)	
Changes in Assumptions	(3,509.00)	
Difference Between Expected and Actual Experience	(6,148.00)	
Net Changes		(5,324.00)
Balance at December 31, 2018		$ 32,038.00

Changes of benefit terms reflect no increase in the retirees' share of health insurance premiums.

Changes of assumptions and other inputs reflect a change in the discount rate from 5.00% at December 31, 2017 to 3.64% at December 31, 2018.

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

	1.00% Decrease (2.64%)	Current Discount Rate (3.64%)	1.00% Increase (4.64%)
Total OPEB Liability	$ 39,907.00	$ 32,038.00	$ 26,025.00

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

	1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	$ 24,981.00	$ 32,038.00	$ 41,750.00

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2018, the Township recognized OPEB expense of $4,332.00. As of December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 10,676.00	$ 3,334
Difference Between Expected and Actual Experience	-	15,152.00
	$ 10,676.00	$ 18,486.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending Dec. 31,	
2019	$ (407.00)
2020	(407.00)
2021	(407.00)
2022	(407.00)
2023	(407.00)
Thereafter	(5,775.00)
	$ (7,810.00)

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

B. TOWNSHIP OF EASTAMPTON POSTEMPLOYMENT BENEFIT PLAN (CONT'D)

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the Township's OPEB Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of Changes in the Township's Total OPEB Liability and Related Ratios

Total OPEB Liability		
Service Cost	$	3,386.00
Interest Cost		1,353.00
Benefit Payments		(406.00)
Changes in Assumptions		(3,509.00)
Difference Between Expected and Actual Experience		(6,148.00)
Net Change in Total OPEB Liability		(5,324.00)
Total OPEB Liability - Beginning of Year		37,362.00
Total OPEB Liability - End of Year	$	32,038.00
Covered-Employee Payroll	$	2,608,780.68
Total OPEB Liability as a Percentage of Covered-Employee Payroll		1.23%

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

None.

Changes in Assumptions

The discount rate changed from 5.00% as of the December 31, 2017 valuation to 3.64% as of the December 31, 2018 valuation.

The mortality rate assumption changed from using the 1994 sex distinct Group Annuity Mortality Table for the December 31, 2017 valuation to using the RP-2000 Combined Mortality Table for Males or Females as appropriate for the December 31, 2018 valuation.

Note 8: COMPENSATED ABSENCES

Under the existing policy of the Township, full-time employees are entitled to accumulate annual unused sick leave and vacation days. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may not be accumulated and carried forward.

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated and is paid at the average of the last three years rate of pay upon termination or retirement for police officers and at the last year's rate of pay for all other employees.

The Township 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 $301,424.18.

Note 9: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 10: LEASE OBLIGATIONS

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

Capital:
- Vehicles:
  - One (1) 2016 Ford Interceptor
  - Two (2) 2017 Ford Interceptor

Operating:
- Equipment:
  - Two (2) Mailing Systems

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

	Balance at December 31,	
Description	**2018**	**2017**
Vehicles	$ 54,881.90	$ 89,662.43

Note 10: LEASE OBLIGATIONS (CONT'D)

Capital Leases (Cont'd)

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

Year	Principal	Interest	Total
2019	$ 35,636.68	$ 1,997.12	$ 37,633.80
2020	19,245.22	415.64	19,660.86
Total	$ 54,881.90	$ 2,412.76	$ 57,294.66

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

Year	Amount
2019	$ 300.00

Rental payments under operating leases for the year 2018 were $1,036.05.

Note 11: CAPITAL DEBT

General Improvement Bonds

General Improvement Bonds, Series 2012 - On August 15, 2012, the Township issued $6,335,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The purpose of the bonds is to fund various capital ordinances. The final maturity of the bonds is July 1, 2028.

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

Year	Principal	Interest	Total
2019	$ 415,000.00	$ 140,600.00	$ 555,600.00
2020	410,000.00	128,150.00	538,150.00
2021	415,000.00	115,850.00	530,850.00
2022	425,000.00	103,400.00	528,400.00
2023	430,000.00	86,400.00	516,400.00
2024-2028	2,100,000.00	219,450.00	2,319,450.00
Totals	$ 4,195,000.00	$ 793,850.00	$ 4,988,850.00

Note 11: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

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

	2018	2017	2016
Issued			
General:			
Bonds and Notes	$ 6,837,759.00	$ 7,046,922.00	$ 7,003,155.00
Total Issued	6,837,759.00	7,046,922.00	7,003,155.00
Authorized but not Issued			
General:			
Bonds and Notes	153.00	153.00	153.00
Total Authorized but not Issued	153.00	153.00	153.00
Total Issued and Authorized but not Issued	6,837,912.00	7,047,075.00	7,003,308.00
Net Debt	$ 6,837,912.00	$ 7,047,075.00	$ 7,003,308.00

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 1.50%.

	Gross Debt	Deductions	Net Debt
Local School Purposes	$ 7,410,000.00	$ 7,410,000.00	
Regional School Purposes	1,195,927.98	1,195,927.98	
General	6,837,912.00		$ 6,837,912.00
	$ 15,443,839.98	$ 8,605,927.98	$ 6,837,912.00

Net debt $6,837,912.00 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, $455,918,414.67, equals 1.50%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	$ 15,957,144.51
Less: Net Debt	6,837,912.00
Remaining Borrowing Power	$ 9,119,232.51

Note 12: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2018, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund(s):

Description	Balance December 31, 2018	2019 Budget Appropriation
Current Fund:		
Overexpenditure of Appropriations	$ 81,164.49	$ 81,164.49

The appropriations in the 2019 Budget as adopted are not less than that required by the statutes.

Note 13: SCHOOL TAXES

Eastampton Township local school tax has been raised and the liability deferred by statutes as follows:

	Balance December 31, 2018	2017
Deferred	$ 2,734,729.50	$ 2,675,815.48

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

	Balance December 31, 2018	2017
Deferred	$ 1,015,763.44	$ 975,261.44

Note 14: RISK MANAGEMENT

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

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

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

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

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd)

The Fund provides the Township with the following coverage:

Property Coverage
Equipment Breakdown Coverage
Inland Marine Coverage
Crime Coverage/Public Officials Bonds
General Liability Coverage
Automobile Coverage
Law Enforcement Liability Coverage
Workers Compensation Coverage
Public Officials/Employment Practices Liability
Non-Owned Aircraft Liability
Cyber Liability

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The Township'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:

Garden State Municipal Joint Insurance Fund
900 Route 9 North, Suite 503
Woodbridge, New Jersey 07095-1003

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 3, 1998, and November 6, 2001 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of the Township of Eastampton Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 1999, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the two referendums, the Township levies a tax not to exceed twenty three cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a trust fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Eastampton Open Space, Recreation and Farmland Preservation Trust Funds. The tax levy authorization will expire in 2019. However, subsequent to December 31, 2018, the Township authorized that a binding referendum be submitted to the voters of the Township of Eastampton as to whether the Township Council should continue, for a period of no more than twenty years, to dedicate a portion of the local tax levy to fund the Township's Open Space Trust Fund.

Note 16: CONTINGENCIES

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

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

Note 17: CONCENTRATIONS

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

Note 18: SUBSEQUENT EVENTS

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

Purpose	Adoption	Authorization
Various Capital Improvements	05/28/19	$ 1,045,000.00

Authorization of Referendum Submission – Subsequent to December 31, the Township authorized the submission of a referendum to voters of the Township relating to the Open Space Trust Fund tax levy. The Referendum presents the question as to whether the Township Council should continue, for a period of not to exceed twenty years, to dedicate a portion of the local tax levy to fund the Township's Open Space Trust Fund.

APPENDIX C

FORMS OF APPROVING LEGAL OPINIONS OF BOND COUNSEL

MS&B McMANIMON • SCOTLAND • BAUMANN
75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

______________, 2020

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

Dear Council Members:

We have acted as bond counsel to the Township of Eastampton, in the County of Burlington, New Jersey (the "Township"), in connection with the issuance by the Township of its $2,566,000 General Improvement Bonds (the "Bonds"), dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township adopted June 22, 2020 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

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

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,

________________, 2020

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

Dear Council Members:

We have acted as bond counsel to the Township of Eastampton, in the County of Burlington, New Jersey (the "Township") in connection with the issuance by the Township of a $1,045,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

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

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,