

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2020

In the opinion of Clark Hill PLC, Bond Counsel to the Township, based upon an analysis of existing law as enacted and construed on the date hereof and assuming the accuracy of certain certifications of the Township and continuing compliance by the Township with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excludable from gross income for purposes of federal income taxation and interest on the Notes is not an item of tax preference for purposes of the federal individual alternative minimum tax. In addition, interest on the Notes and any gain from the sale of the Notes are not included in gross income under the New Jersey Gross Income Tax Act. For a more complete discussion, see "TAX MATTERS" herein.

\$8,903,250

**TOWNSHIP OF BORDENTOWN,
County of Burlington, New Jersey
BOND ANTICIPATION NOTES, 2020 SERIES A
(Bank-Qualified) (Non-Callable)**

Dated: Date of Delivery

Due: September 28, 2021

The Township of Bordentown, County of Burlington, New Jersey ("Township") is offering \$8,903,250 aggregate principal amount of its Bond Anticipation Notes, 2020 Series A (the "Notes"). The Notes shall be issued in fully registered book-entry only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the authorized principal amount of the Notes.

The principal of the Notes shall be paid on the maturity date thereof upon presentation and surrender of the Notes to the Township or to the Township's designated paying agent. The Notes shall be dated and bear interest from their date of delivery. Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to maturity.

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) certain bond ordinances of the Township described herein, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township in connection with the sale of the Notes.

The Notes are being issued by the Township to provide funds which will be used to: (i) finance, on a short-term basis in anticipation of the issuance of bonds, the purchase of certain properties representing the remaining interests of Bordentown Waterfront Community, LLC in the Waterfront Redevelopment Area, as described herein; (ii) currently refund the Township's \$4,438,250 Bond Anticipation Notes, 2019 Series A, dated October 3, 2019 and maturing October 2, 2020, the proceeds of which were used to finance certain capital improvements on a short-term basis; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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

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

The Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Clark Hill PLC, Princeton, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is anticipated that the Notes in definitive form will be available for delivery through DTC in New York, New York on or about September 29, 2020.

Bids for the Notes will be received by the Township's Municipal Advisor, on behalf of the Township's Chief Financial Officer, until 11:00 a.m., Eastern Daylight Time, on Tuesday, September 22, 2020, via (i) PARITY or (ii) email to tracey@muniadvisors.com or facsimile (609) 291-9940. Bids must be submitted in accordance with the Notice of Sale, which can be viewed in electronic format, along with this Preliminary Official Statement, on www.munihub.com and www.govdebt.net.

The information which is set forth herein has been provided by the Township of Bordentown, County of Burlington, New Jersey ("Township"), The Depository Trust Company ("DTC") and by other sources which are believed to be reliable by the Township, but such information from other sources is not guaranteed as to accuracy or completeness by the Township or the Underwriter and is not to be construed as a representation of either the Township or the Underwriter. Certain general and financial information concerning the Township is contained in Appendices "A" and "B" to this Official Statement.

This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

No dealer, broker, salesperson or other person has been authorized by the Township or the Underwriter to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

No quotations from or summaries or explanations of laws, rules, regulations, resolutions, agreements, reports and other documents contained herein purport to be comprehensive or definitive and any such statements contained herein are qualified in their entirety by references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be obtained from the Township during normal business hours. Where the Constitution or statutes of the State of New Jersey are referred to, reference should be made to such Constitution or statutes for a complete statement of the matters referred to therein.

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

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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or any underwriter.

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

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

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OFFICIAL STATEMENT
RELATING TO
\$8,903,250
TOWNSHIP OF BORDENTOWN,
County of Burlington, New Jersey
BOND ANTICIPATION NOTES, 2020 SERIES A
(Non-Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the Appendices attached hereto, is to provide certain information relating to the issuance by the Township of Bordentown, County of Burlington, New Jersey ("Township") of its \$8,903,250 aggregate principal amount Bond Anticipation Notes, 2020 Series A ("Notes").

AUTHORIZATION FOR THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances of the Township described below, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law (collectively, the "Bond Ordinances"); and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer in connection with the sale of the Notes.

PURPOSE OF THE ISSUE

The Notes are being issued by the Township to provide funds which will be used to (i) finance, on a short-term basis in anticipation of the issuance of bonds, the purchase of certain properties representing the remaining interests of Bordentown Waterfront Community, LLC in the Waterfront Redevelopment Area, as described herein; (ii) currently refund the Township's \$4,438,250 Bond Anticipation Notes, 2019 Series A, dated October 3, 2019 and maturing October 2, 2020, the proceeds of which were used to finance certain capital improvements on a short-term basis; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The Waterfront Redevelopment Area consists of approximately 72 acres of property owned by a private party and designated by the Township as an area in need of redevelopment. The Township has determined that acquisition of the property furthers legitimate public purposes, potentially furthering one or more of the following objectives: (i) the development of affordable housing; (ii) the preservation of open space; and/or (iii) the construction of public facilities.

The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by the Bond Ordinances identified below, each of which was adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law.

Ordinance Number	Purpose	Amount Authorized	Notes to be Issued
2019-8	Various Capital Improvement Projects	\$4,191,250	\$4,191,250
2019-12	Acquisition of Roll Out Carts for Waste Collection	247,000	247,000
2020-17	Purchase of Certain Properties In the Waterfront Redevelopment Area	4,465,000	4,465,000
TOTAL		\$8,903,250	\$8,903,250

DESCRIPTION OF THE NOTES

Description

The Notes will be issued in the principal amount of \$8,903,250, will be dated their date of issuance and bear interest from that date at the interest rates set forth on the cover hereof and will mature on September 28, 2021. The Notes are **not** subject to redemption prior to their stated maturity date.

The Notes will be issued in fully registered book-entry only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the authorized principal amount of the Notes. The principal of the Notes will be payable to the registered owners at maturity upon presentation and surrender of the Notes at the offices of the Township or its designated paying agent. Interest on each Note shall be payable to the registered owner of record thereof appearing on the registration books maintained by the Township or by its designated paying agent.

So long as DTC, or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Notes is the responsibility of the DTC Participants and not the Township.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Township or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 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, 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 neither the Township nor the Underwriter take any responsibility for the accuracy thereof.

THE TOWNSHIP AND THE TOWNSHIP'S DESIGNATED PAYING AGENT, IF ANY, CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE NOTES, OR (2) CONFIRMATION OF OWNERSHIP INTERESTS IN THE NOTES, OR (3) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE TOWNSHIP OR ITS PAYING AGENT, IF ANY, WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE NOTES WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ITS NOMINEE, OR ANY DIRECT

PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON ANY NOTES; (3) THE DELIVERY BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO THE NOTEHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

SECURITY FOR THE NOTES

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Notes. The Notes shall be legal, valid and binding general obligations of the Township, and, unless paid from other sources, the Township shall levy *ad valorem* taxes upon all taxable property within the Township for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

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

At the maturity date of the Notes, the Township anticipates that the Notes will be paid from the proceeds of the sale of long-term bonds or renewal notes. In the event that an unexpected market disruption occurs which prevents the Township from issuing long-term bonds or renewal notes, the Township's ability to make timely payment of the maturing principal of the Notes would be significantly impaired.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

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

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

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

Exceptions to Debt Limits – Extensions of Credit - 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 make certain other statutory determinations, approval may be granted.

Short-Term Financing – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of bonds. The Local Finance Board must approve the authorization of the issuance of bonds or the local unit may issue such refunding bonds in accordance with the regulations promulgated by the Local Finance Board.

Local Fiscal Affairs Law

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

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the New Jersey State Board of Accountancy and must be completed within six months after the close of its fiscal year. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2019 is on file with the Township Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities.

Local Budget Law

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

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

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

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

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on annual increases in municipal appropriations, subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is complex, but in general, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. When the Index Rate is 2.5% or less, municipalities may increase appropriations up to 3.5% over the prior year's appropriation. In addition to debt service, other exceptions to the limitations imposed by the Cap Law exist for such items as 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.

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

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Transfers may be made between sub-account line items within the same major account at any time during the year, subject to internal review and approval.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to

undertake a capital project. Every local unit, which adopts a capital budget, must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Rights and Remedies of Owners of the Notes

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in 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, the Fire Districts, the Regional School District, and the County, the tax rate is determined by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are mailed annually in June or July by the Township. The taxes for the third and fourth quarters, due August 1 and November 1, respectively, are adjusted to reflect the calendar

year's total tax liability. The preliminary taxes for the first and second quarters, due February 1 and May 1 of the succeeding year, are based upon one-half of the previous year's tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) per annum on any amounts in excess of \$1,500. These interest charges are the highest permitted under State statutes. Certain delinquent taxes are annually included in a tax sale in accordance with State Statutes. Tax liens are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

INFORMATION REGARDING THE TOWNSHIP OF BORDENTOWN

General

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

Financial Statements

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2019, 2018, 2017, 2016 and 2015. Copies of the complete Reports of Audit may be obtained upon request to the office of the Township's Chief Financial Officer.

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 March 13, 2020, the President of the United States, in response to the COVID-19 outbreak, declared a national emergency. The outbreak of this disease has severely affected global economics and financial markets, leading to volatility and a reduction in liquidity in the marketplace.

The Governor of the State (the "Governor") declared a state of emergency and a public health emergency on March 9, 2020. Numerous executive orders to contain the spread of the virus have since been enacted by the Governor, including without limitation, orders closing all non-essential businesses, cancelling all in-school classes for students, limiting restaurants to take-out and delivery service only, and restricting the number of people who can attend gatherings of any kind. Orders were also enacted postponing the collection date for certain municipal taxes.

The Pandemic has had a material, negative impact on the economies of the United States, the State of New Jersey and the Township. The extent of the short-term and long-term impact of the Pandemic on the Township cannot be fully determined at this time. The Township is monitoring the

situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations, however, the Township cannot predict the duration and severity of the Pandemic or the magnitude of the impact that the Pandemic will have on the Township's financial condition or its operations.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter 9 of the United States Bankruptcy Code ("Bankruptcy Code"), 11 U.S.C. Section 901 to 946. Under Chapter 9 of the Bankruptcy Code, a municipality, which is a political subdivision or public agency or instrumentality of the State, that is insolvent or unable to meet its debts may file a petition in a United States Bankruptcy Court ("Bankruptcy Court") to adjust the debt of the municipality. Chapter 9 of the Bankruptcy Code does not permit the municipality to liquidate its assets and distribute the proceeds of its assets to its creditors. Chapter 9 of the Bankruptcy Code permits a financially distressed municipality to seek protection from its creditors by staying the commencement or continuation of certain actions against the municipality while it formulates and negotiates a plan of adjustment of its debts which can be binding on a dissenting minority of creditors if it is acceptable to the majority of creditors. Should the Township file a petition in the Bankruptcy Court under Chapter 9 of the Bankruptcy Code prior to the payment in full of the principal and interest on the Notes, the holders of the Notes would be considered creditors and would be bound by the Township's plan of adjustment of its debt.

Reference should also be made to *N.J.S.A. 52:27-40 et seq.* which provides that any "political subdivision" of the State as defined therein, which includes the Township, has the power to file a petition with the Bankruptcy Court under Chapter 9 of the Bankruptcy Code provided the "political subdivision" has obtained approval of the Local Finance Board. Section 903 of the Bankruptcy Code, 11 U.S.C. Section 903, specifically provides that Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCES OF PAYMENT OF AND SECURITY FOR THE NOTES.

LEGAL MATTERS

The legality of the Notes will be subject to the approving legal opinion of Clark Hill PLC, Princeton, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinion will be substantially in the form set forth in Appendix "C". Certain legal matters will be passed upon for the Township by the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey.

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

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

TAX MATTERS

Federal Tax Exemption Opinion of Bond Counsel

In the opinion of Clark Hill PLC, Bond Counsel to the Township ("Bond Counsel"), based upon an analysis of existing law as enacted and construed on the date hereof and assuming the accuracy of the certifications of the Township being delivered in connection with the issuance of the Notes and continuing compliance by the Township with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes in order for interest thereon to be excluded from gross income for federal income tax purposes, interest on the Notes is excludable from gross income for federal income tax purposes. Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the federal individual alternative minimum tax.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The Township has made certain representations and certifications and has covenanted to comply with certain conditions and requirements designed to ensure that interest on the Notes will be and remain excludable from federal gross income. Inaccuracy in these representations or the failure to comply with these covenants could result in a determination that interest on the Notes is includible in gross income retroactive to the date of issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and certifications of the Township and assumes compliance by the Township with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the tax status of interest on the Notes. Accordingly, the opinion of Bond Counsel is not intended to be relied upon in connection with any such future actions, events or matters.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral tax consequences to certain taxpayers, including but not limited to, foreign corporations, financial institutions, property and casualty insurance companies and recipients of social security and railroad retirement benefits. The nature and extent of these other tax consequences depend upon the particular tax status of the beneficial owner of the Note and/or the beneficial owner's other items of income or deduction. Prospective purchasers should consult their own tax advisors as to the consequences of investing in the Notes.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

Deductions for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions, denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry tax-exempt obligations such as the Notes. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations generally applies to those tax-exempt obligations acquired after August 7, 1986. In the case of "qualified tax-exempt obligations," however, a denial of twenty percent (20%) of the deduction will apply in lieu of the denial of one hundred percent (100%). A "qualified tax-exempt obligation" is a tax-exempt obligation which is designated as such by the issuer and is not a private activity bond (other than a qualified 501(c)(3) bond). An issuer and all entities that must be aggregated with it pursuant to the Code ("Other Issuers") may not designate more than \$10,000,000 of tax-exempt obligations during any calendar year. Obligations issued to refund qualified tax-exempt obligations may be "deemed designated" under the Code if they meet certain requirements.

The Township has designated the Notes as qualified tax-exempt obligations under the Code, and has represented to us that neither it nor any Other Issuer has issued or expects to issue more than \$10,000,000 of tax-exempt obligations (excluding certain obligations not required to be taken into account under the Code) in the calendar year 2020. Based on such representations, it is our opinion that banks, thrift institutions and other financial institutions which purchase the Notes may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Notes pursuant to Sections 265(b) and 291(e)(1)(B) of the Code.

Accounting Treatment of Amortizable Bond Premium

The Notes may be offered at a premium over their principal amount. For federal income tax purposes, original issue premium is amortized periodically over the term of a Note using constant yield principles, based on the yield to maturity of the Note. As premium is amortized, the purchaser's basis in the Note is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes from a sale or redemption of the Note prior to its maturity. Amortization of premium does not create a deductible expense or loss.

Purchasers should consult their own tax advisors regarding the federal, state and local tax consequences of ownership of Notes purchased at a premium.

State Tax Exemption - Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing New Jersey law as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not included in gross income under the New Jersey Gross Income Tax Act.

Changes in Federal and State Tax Law

From time to time, there are presidential and gubernatorial proposals, proposals by various federal and state committees and legislative proposals that, if enacted, could alter or amend the tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds or notes issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulations or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

LITIGATION

To the knowledge of the Township's Solicitor, Eileen Fahey, Esquire, Moorestown, New Jersey ("Solicitor"), there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. Moreover, to the knowledge of the Solicitor, there is no litigation of any nature now pending or threatened by or against the Township wherein an

adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been otherwise disclosed in this Official Statement. A certificate to such effect will be executed by the Solicitor and delivered at closing.

RATING

The Notes are not rated.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, served as municipal advisor ("Municipal Advisor") to the Township with respect to the issuance of the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Information set forth in the Official Statement has been obtained from the Township and other sources which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

CONTINUING DISCLOSURE

The Township has previously entered into continuing disclosure undertakings under the Rule in respect of its own obligations and obligations of the Burlington County Bridge Commission for which the Township is an obligated person. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey in December of 2016 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

In connection with the issuance of the Notes, the Township will enter into a Continuing Disclosure Agreement in substantially the form appended to this Official Statement as Appendix D.

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 purchasers of the Notes, by certificates signed by various Township officials dated the date of closing.

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

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

Bowman & Company LLP, Voorhees, New Jersey, compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP, Voorhees, New Jersey, does take responsibility for the financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

LEGALITY FOR INVESTMENT

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

NO DEFAULT

There is no record of default in the payment of the principal or interest on any Notes of the Township.

In one prior instance, due to a misaddressed payment notice from DTC, the Township failed to make an interest payment on its General Obligations Notes dated February 26, 2009, on the February 15, 2013 interest payment date. The payment was remitted on February 25, 2013. The Township has since appointed a paying agent to ensure that all future payments will be made in a timely manner.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ ("Underwriter") for a purchase price of \$_____ (representing the principal amount of the Notes of \$_____, plus net original issue premium of \$_____ less underwriter's discount of \$_____). The Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the yield or price set forth on the cover page of this Official Statement.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Jeffrey Elsasser, Chief Financial Officer, at (609) 298-2800, or to the Municipal Advisor at (609) 291-0130.

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

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

This Official Statement has been duly executed and delivered by the Township.

TOWNSHIP OF BORDENTOWN, NEW JERSEY

By: _____
JEFFREY ELSASSER, Chief Financial Officer

Dated: _____, 2020

APPENDIX A

General Information Concerning the Township

INFORMATION REGARDING THE TOWNSHIP

The following material presents certain economic and demographic information of the Township.

General Information

The Township of Bordentown, in the County of Burlington (the "Township"), incorporated in 1852, is located in the center of New Jersey approximately seven miles from Trenton. The population according to the 2010 census is 11,367 with a land area of 10 square miles. The Township provides to its citizens the following services: public safety, sanitation, recreation, public improvements, planning and zoning and general administrative services.

Government Structure

The Township is governed by an elected committee ("Committee") consisting of 5 members who serve three-year terms. The Mayor is chief executive officer of the Township and is annually appointed by the Committee at the beginning of each fiscal year. The functions of the Committee, as the governing body, are legislative.

Administrative responsibilities are assigned to the Township Administrator. The Committee establishes policy. The Administrator is responsible for the day-to-day operations of the Township and implementing and administering policy.

Fire Protection and Emergency Services

The Township has two fire districts. Fire District No. 1 is located in the northern part of the Township encompassing approximately two square miles. Fire District No. 2 is centrally located and provides protection for seven and one-half square miles. Each district has one fire company, both with modern firefighting apparatus. District No. 2 also houses one ladder truck. The combined number of paid fire fighters is approximately 18 and there are approximately 20 volunteers.

District No. 2 mans a paid first aid squad with 8 full time Emergency Medical Technicians responding on a 24 hour basis. The squad also serves the City of Bordentown who provides and houses four ambulances.

Ambulance service is provided by a Township EMS ambulatory service by a full time and volunteer staff which also provides service to the Cities of Bordentown and Fieldsboro.

Hospital services for Township residents are provided by Capital Health Regional Medical Center and Saint Francis Medical Center located in Trenton, Virtua Memorial in Mount Holly, Lourdes Medical Center in Willingboro and the Robert Wood Johnson University Hospital in Hamilton. All offer excellent medical care in modern facilities. The renowned Deborah Heart and Lung Center located in Browns Mills is just twelve miles south of the Township. Additional medical facilities are available within a 30 minute drive to Philadelphia, PA and a 60 minute drive to New York City.

Library

The Township participates in the Burlington County Library System which maintains a branch library in the heart of the City of Bordentown.

Police

The Police Department consists of twenty-four full-time officers and 3 part-time officers. In addition, the Police Department is supported by one full-time secretary and one part-time secretary. The dispatch system is operated by the County of Burlington and is manned on a twenty-four hour basis.

The New Jersey State Police maintains a station and barracks within the Township and provides additional police services in the Township and on the major highways that traverse the Township.

Public Works

The Department of Public Works has thirteen employees and one secretary that are supervised by a Director of Public Works. The Department of Public Works cleans, repairs and maintains streets, roads and storm drains, and maintains all parks, playgrounds and public areas. The collection and disposal of garbage, trash and other solid waste is provided for by contract with a private firm.

County and State roads running through the Township are maintained by the Burlington County Road Department, New Jersey State Department of Transportation and the New Jersey Turnpike Authority.

Recreation

There are separate youth programs that operate independent of the Township that supervise a year round program of recreation and leisure time activities for children and adults. The Township Department of Public Works handles the scheduling of the park and field maintenance. Indoor and outdoor facilities are provided and operated by the Community District Alliance under the auspices of the Board of Education of the Regional School District.

A 6,500 square foot Senior Community Center is utilized by various groups for socials, meetings, dances and crafts. The Bordentown Township Senior's, a group of about 300 senior citizens, meet at the center twice a month and have an active itinerary of socials, trips and programs.

Municipal Open Space

The Township has completed a multi-phased recreation enhancement program through a Municipal Open Space Tax. In 1999, the Township was successful in obtaining voter approval for a dedicated tax of \$.03 per \$100 of assessed valuation for the purpose of establishing an Open Space Trust. This funding, along with the Township's capital funding, allows the Township to maintain and operate six parks and playground areas totaling 94 acres including two large multi-use community parks.

Utilities

Utilities are provided to Township residents by Verizon, Public Service Electric and Gas Company and Comcast Cable Television, all privately owned.

The Bordentown Sewerage Authority, of which the Township is a member, provides sanitary sewerage to most of the Township. A water supply and distribution system operated by the City of Bordentown as a water utility, supplies water to the developed areas of the Township and 80% of the Township as a whole. The water is pumped from deep wells and processed through a water treatment plant.

Township Employees

	<u>2019</u>	<u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>2016</u>	<u>2015</u>
Permanent	61	59	57	63	54
Part-time	<u>13</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>11</u>
Total	<u>74</u>	<u>71</u>	<u>69</u>	<u>74</u>	<u>65</u>

Employee Collective Bargaining Units

There are four collective bargaining units between the Township and certain of its employees, as follows:

The Bordentown Township Police Officers are covered by three contracts, one for the Sergeants, one for the Patrolmen, and one for the Command Staff. These three contracts cover all police officers except for the Chief, who has his own contract. Membership is limited to full-time law enforcement officers. The Command Staff and Sergeants contracts expire December 31, 2019 and the Patrol Officers contract expires December 31, 2021. The Chief's contract expires December 31, 2021.

Public Works employees are represented by AFSCME and their contract expires December 31, 2021.

Compensated Absences

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

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of fifty days pay, and is paid at the rate of pay upon termination or retirement. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Township, Note 9 to Financial Statements.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds with the benefit and contribution levels set by the State. The Township employees are enrolled in either the Public Employees' Retirement System and the Police and Firemen's Retirement System.

Pension Information

Employees, who are eligible to participate in a pension plan, are enrolled in the Public Employees' Retirement System ("PERS") or the Police and Firemen's Retirement System ("PFRS"), Department of Treasury, State of New Jersey. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2019, which is based upon the annual billings, received from the State, amounted to \$197,323 for PERS and \$664,299 for PFRS.

Township Population(1)

2010 Federal Census	11,367
2000 Federal Census	8,380
1990 Federal Census	7,683
1980 Federal Census	7,170
1970 Federal Census	7,303

Selected Census 2018 Data for the Township (1)

Median household income	\$87,837
Per capita income	\$41,194

Township Labor Force (2)

The following table discloses annual average labor force data for the Township.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township					
Labor Force	6,718	6,644	6,842	6,801	6,665
Employed	6,536	6,421	6,604	6,554	6,376
Unemployed	182	223	238	247	289
Unemployment Rate	2.7%	3.4%	3.5%	3.6%	4.3%
County					
Labor Force	230,589	227,612	234,179	233,255	232,623
Employment	223,049	219,125	224,582	222,869	220,189
Unemployment	7,540	8,487	9,597	10,386	12,434
Unemployment Rate	3.3%	3.7%	4.1%	4.5%	5.3%
State					
Labor Force	4,493,100	4,432,500	4,518,800	4,530,800	4,543,800
Employment	4,333,300	4,250,800	4,309,700	4,305,500	4,288,800
Unemployment	159,800	181,700	209,100	225,300	255,000
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.6%

Building, Zoning and Development Codes

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

In August 1990, the Township, adopted a new land development and zoning ordinance under the Municipal Land Use Law. In this way, the Township is able to promote orderly development and to protect the character and maintain the stability of residential, business and manufacturing areas and secure and protect open space and recreation areas within the Township.

(1) Source: U.S. Department of Commerce, Bureau of Census.
 (2) Source: New Jersey Department of Labor

Building Permits Issued(1)

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Value of Construction</u>
2020(2)	361	\$23,611,196
2019	729	39,348,134
2018	624	21,864,240
2017	737	24,359,123
2016	722	26,621,689
2015	652	33,696,789

Tax Exemptions and Tax Abatements

In recent years, the Township has experienced success in expanding the commercial activity in the Township as a direct result of the dedicated efforts of the Township Committee and Administrative Staff. In addition to other features that make the Township attractive to commercial businesses, the Township has utilized New Jersey’s Long Term Tax Exemption Law and Five-Year Exemption and Abatement Law to help make a variety of projects successful, including a warehouse distribution center and an upscale apartment complex. Financial agreements entered into with property owners in connection with these programs typically require payments in lieu of taxes to be made to the Township. The Township received approximately \$3.1 million in PILOT revenue and of that, \$534,000 was remitted to the Bordentown Regional School District.

GENERAL INFORMATION ON THE SCHOOL DISTRICT (3)

Overview

The Bordentown Regional School District is a Type II (Grades Pre-K through 12th) regional school district consisting of the municipalities of the City of Bordentown, the Township of Bordentown, and the Borough of Fieldsboro (the “Constituent Municipalities”). Students from the New Hanover School District attend the existing Bordentown Regional High School on a tuition basis. The School District operates five school buildings: three elementary schools, junior school, one middle school and a high school. The Bordentown Regional School District is located in the County of Burlington, New Jersey.

Staff

The Superintendent of Schools is the chief administrative officer of the School District. The Board Secretary/Business Administrator oversees the Board’s business functions and reports through the Superintendent to the Board. There are approximately 406 full-time employees of the Board, of which 230 are teaching professionals. The balances are administrative, facilities, pupil transportation and support personnel.

(1) Source: Township Construction Official
(2) As of August 15, 2020
(3) Source: School District officials

**BORDENTOWN REGIONAL SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)**

<u>Grade</u>	<u>2019</u>	<u>2018</u>	<u>October 15, 2017</u>	<u>2016</u>	<u>2015</u>
PreK 4 Yr: Full Day	10	4			
Kindergarten: Full Day	122	145	174	153	166
1	142	166	148	156	179
2	159	136	144	175	189
3	130	138	169	183	145
4	137	154	179	136	185
5	153	176	134	175	177
6	174	138	181	179	187
7	133	178	181	187	166
8	177	182	186	164	178
9	178	179	158	171	144
10	180	172	173	139	151
11	164	177	136	151	148
12	176	143	151	145	155.5
Special Education	397	386	377	352	370
State Facility	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>.5</u>
Totals	<u>2,433</u>	<u>2,476</u>	<u>2,493</u>	<u>2,467</u>	<u>2,541</u>
Bordentown Township Enrollment(2)	<u>1,860</u>	<u>1,889</u>	<u>1,921</u>	<u>1,901</u>	<u>1,956</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Grades</u>	Enrollment	<u>Functional Capacity</u>
			<u>Oct. 15, 2019</u>	
Clara Barton Elementary (3)	1953	K-2	238	346
Peter Muschal Elementary (3)	1953	PreK4YR - 5	541	517
Mac Farland Intermediate	1924	3-5	273	334
Bordentown Regional Middle School	1965	6-8	588	545
Bordentown Regional High School	2006	9-12	<u>792</u>	<u>1,102</u>
Totals			<u>2,432</u> (4)	<u>2,844</u>

(1) Source: School District officials

(2) Bordentown Township total enrollment figure is shown. Enrollment by grade is not available

(3) District reconfiguration 2018/2019 SY

(4) Excludes State Facility

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.

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, leaving only athletics and aquatic classes in Pemberton. An athletic facility is in the plans for 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 except that no down payment is required.

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 TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
DCT Midline, LLC	Commerce Center	\$17,580,400
WW Grainger, Inc. c/o Marvin Poer	Distributor of Industrial Equipment	17,545,600
HPT PSC Properties Trust	Truck Stop	12,000,000
LBA RVI – Company XXXI LLC	Warehouse/Office Space	11,120,000
Mosholu Realty LLC	Apartments	11,000,000
Dunns Mill Rd Retail LLC	ACME Shopping Center	10,898,400
Exeter 2473 Old York LLC	Industrial Building Space	7,669,700
Hedding Hotels, LLC	Hotel	7,539,500
First Industrial	Business Park	6,640,000
Bordentown Realty LLC	Realty	6,380,000

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	\$41,847,394	\$41,246,144	98.56%	\$489,338	1.17%
2018	41,393,070	39,826,137	96.21	1,453,048	3.51
2017	39,047,533	38,475,211	98.53	477,692	1.22
2016	38,234,984	37,817,282	98.91	399,112	1.04
2015	37,418,378	36,517,398	97.59	859,720	2.30

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

CERTAIN TAX INFORMATION (CONT'D)

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding Jan 1</u>	<u>Added</u>	<u>Collected</u> <u>Amount</u>	<u>Percentage</u>	<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
2019	\$1,492,508	\$11,827	\$1,442,576	95.89%	\$2,638		\$59,120
2018	509,911		425,907	83.53	41,093	\$3,450	39,461
2017	431,514		387,953	89.91	6,882	4,461	32,218
2016	881,829		804,341	91.21	181	44,905	32,402
2015	349,189	14,210	309,661	85.21	3,455	28,175	22,108

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Sales and Transfers</u>	<u>Collected</u>	<u>Balance Dec. 31</u>
2019	\$158,963	\$108,390	\$37,524	\$229,829
2018	17,026	141,937		158,963
2017	23,095	18,009	24,078	17,026
2016	33,815	10,416	21,136	23,095
2015	45,454	21,247	32,886	33,815

FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance Dec. 31</u>
2019	\$515,200
2018	515,200
2017	515,200
2016	515,200
2015	515,200

(1) Source: Annual Reports of Audit

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

CERTAIN TAX INFORMATION (CONT'D)

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

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>Tax Rate (2)</u>			
			<u>County</u>	<u>Regional School</u>	<u>Municipal</u>	<u>Municipal Open Space</u>
2020	\$1,189,011,386	\$3.298	\$.502	\$2.175	\$.557	\$.030
2019	1,173,483,390	3.226	.493	2.147	.547	.029
2018	1,157,607,035	3.180	.480	2.128	.542	.030
2017	1,159,322,203	3.127	.466	2.090	.541	.030
2016	1,160,103,244	3.058	.450	2.038	.540	.030

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value Per Capita(4)</u>
2020	\$1,185,928,458	81.10%	\$1,462,303,894	\$128,645
2019	1,170,287,118	85.28	1,372,287,896	120,726
2018	1,154,414,317	86.08	1,341,094,699	117,981
2017	1,156,183,717	86.69	1,333,699,062	117,331
2016	1,156,887,862	89.80	1,288,293,833	113,336

REAL PROPERTY CLASSIFICATION (5)

<u>Year</u>	<u>Assessed Value</u>		<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Farm</u>
	<u>Land Use</u>	<u>Improvements</u>						
2020	\$1,185,928,458	\$28,265,401	\$858,252,073	\$210,549,855	\$51,021,389	\$34,707,800	\$3,131,940	
2019	1,170,287,118	25,637,901	858,462,573	212,348,055	37,127,789	34,707,800	2,003,000	
2018	1,154,414,317	38,222,725	858,120,773	190,043,430	31,303,789	34,707,800	2,015,800	
2017	1,156,183,717	42,441,925	857,230,173	188,835,830	30,786,689	34,707,800	2,181,300	
2016	1,156,887,862	34,563,000	856,370,143	195,968,230	31,785,689	34,707,800	3,493,000	

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation; does not include fire district

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

(4) Based upon the 2010 Federal Census of 11,367

(5) Source: Township's Tax Assessor

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

The following table summarizes the direct debt of the Township as of December 31, 2019 in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the Regional School District. Deductions from gross debt to arrive at net debt include deductible regional school district debt as well as reserves for payment of debt and grant proceeds. The resulting net debt of \$34,062,496.49 represents 2.468% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds	Notes			School Debt	Reserve for Pmt. of Debt	Accounts Receivable	
General	\$ 20,705,000	\$ 4,438,250	\$ 14,951,255	\$ 40,094,505		\$ 2,194,766	\$ 3,837,243	\$ 34,062,496
School District	22,074,079			22,074,079	\$ 22,074,079			
	<u>\$ 42,779,079</u>	<u>\$ 4,438,250</u>	<u>\$ 14,951,255</u>	<u>\$ 62,168,584</u>	<u>\$ 22,074,079</u>	<u>\$ 2,194,766</u>	<u>\$ 3,837,243</u>	<u>\$ 34,062,496</u>

(1) As of December 31, 2019

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$1,379,947,654
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	2.468%
2019 Net Valuation Taxable	\$1,173,483,390
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,446,213,680
Gross Debt (2):	
As a percentage of 2019 Net Valuation Taxable	5.30%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	4.30%
Net Debt (2):	
As a percentage of 2019 Net Valuation Taxable	2.90%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.36%
Gross Debt Per Capita (3)	\$5,469
Net Debt Per Capita (3)	\$2,997

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$1,379,947,654.00)	\$48,298,168
Net Debt	<u>34,062,496</u>
Remaining Borrowing Capacity	<u><u>\$14,235,671</u></u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY (1)

4% of Average (2017-19) Equalized Valuation of Real Property including Improvements (\$1,797,538,847.66)	\$71,901,554
Gross Debt (4)	<u>28,754,000</u>
Remaining Borrowing Capacity	<u><u>\$43,147,554</u></u>

(1) As of December 31, 2019

(2) Excluding overlapping debt

(3) Based on 2010 Federal Census of 11,367

(4) Debt portion allocated to the Township \$22,074,079.17

**TOWNSHIP OF BORDENTOWN
OVERLAPPING DEBT
AS OF DECEMBER 31, 2019**

	<u>DEBT ISSUED</u>			Net Debt Outstanding Allocated to <u>the Issuer</u>	Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	Net Debt <u>Outstanding</u>		
County of Burlington:					
General					
Bonds	\$ 195,644,000	\$ 20,051,390 (1)	\$ 175,592,610	\$ 5,355,575 (2)	
Notes	23,000,000		23,000,000	701,500 (2)	\$ 15,863,827
Loans	6,854,573		6,854,573	209,064 (2)	
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
	<u>\$ 679,094,373</u>	<u>\$ 473,647,190</u>	<u>\$ 205,447,183</u>	<u>\$ 6,266,139</u>	<u>\$ 18,390,020</u>

- (1) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (2) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuations on which County taxes are apportioned, which is 3.05% .
- (3) Deductible in accordance with N.J.S. 40:37A-80.

TOWNSHIP OF BORDENTOWN
SCHEDULE OF LONG TERM DEBT SERVICE(1)

Period Ending Dec. 31	Series 2009		Series 2014 - G.O. Bonds		BCBC Ref. Series 2013		Series 2016 - G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 230,000	\$ 79,913	\$ 385,000	\$ 193,813	\$ 330,000	\$ 86,250	\$ 235,000	\$ 126,894
2021	230,000	71,000	395,000	186,013	345,000	69,750	245,000	122,094
2022	230,000	61,800	420,000	177,863	350,000	52,500	250,000	117,144
2023	230,000	52,600	440,000	168,988	350,000	35,000	255,000	112,094
2024	230,000	43,400	460,000	159,138	350,000	17,500	260,000	106,944
2025			525,000	146,088			365,000	100,694
2026			535,000	130,188			365,000	93,394
2027			545,000	113,988			370,000	86,044
2028			100,000	104,313			370,000	78,644
2029			110,000	101,163			375,000	70,959
2030			115,000	97,788			375,000	62,288
2031			125,000	94,031			380,000	51,900
2032			140,000	89,725			380,000	40,500
2033			150,000	84,825			385,000	29,025
2034			160,000	79,400			375,000	17,625
2035			175,000	73,100			50,000	11,250
2036			190,000	65,800			50,000	9,750
2037			210,000	57,800			55,000	8,175
2038			225,000	49,100			60,000	6,450
2039			245,000	39,700			60,000	4,650
2040			265,000	29,500			60,000	2,850
2041			290,000	18,400			65,000	975
2042			315,000	6,300				
	<u>\$ 1,150,000</u>	<u>\$ 308,713</u>	<u>\$ 6,520,000</u>	<u>\$ 2,267,019</u>	<u>\$ 1,725,000</u>	<u>\$ 261,000</u>	<u>\$ 5,385,000</u>	<u>\$ 1,260,341</u>

(1) As of December 31, 2019

TOWNSHIP OF BORDENTOWN
SCHEDULE OF LONG TERM DEBT SERVICE

Period Ending <u>Dec. 31</u>	<u>Series 2018 - G.O. Bonds</u>		Grand <u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 250,000	\$ 177,750	\$ 2,094,619
2021	275,000	170,250	2,109,106
2022	275,000	162,000	2,096,306
2023	300,000	153,750	2,097,431
2024	325,000	144,750	2,096,731
2025	500,000	135,000	1,771,781
2026	500,000	120,000	1,743,581
2027	500,000	105,000	1,720,031
2028	500,000	90,000	1,242,956
2029	500,000	75,000	1,232,122
2030	500,000	60,000	1,210,075
2031	500,000	45,000	1,195,931
2032	500,000	30,000	1,180,225
2033	500,000	15,000	1,163,850
2034			632,025
2035			309,350
2036			315,550
2037			330,975
2038			340,550
2039			349,350
2040			357,350
2041			374,375
2042			321,300
	<u>\$ 5,925,000</u>	<u>\$ 1,483,500</u>	<u>\$ 26,285,572</u>

**TOWNSHIP OF BORDENTOWN
2020 MUNICIPAL BUDGET (1)**

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,158,060.00
Miscellaneous Revenues:	
Local Revenues	591,500.00
State Aid without Offsetting Appropriations	895,962.00
Dedicated Uniform Construction Code Fees	800,000.00
Shared Service Agreements	170,000.00
Additional Revenues	475,000.00
Public and Private Programs Offset with Appropriations	2,465,505.52
Other Special Items of Revenues	2,465,657.48
Receipts from Delinquent Taxes	475,000.00
Amount to be Raised by Taxation for Municipal Purposes	6,630,315.00
Total Appropriated Revenues	\$ 17,127,000.00
Appropriations:	
Within CAPS:	
Operations	\$ 8,592,882.00
Deferred Charges and Statutory Expenditures	1,291,256.00
Excluded from CAPS:	
Other Operations	3,037.00
Shared Service Agreements	170,000.00
Additional Appropriations Offset by Revenues	437,250.00
Public and Private Programs	2,465,505.52
Capital Improvements	300,000.00
Debt Service	3,111,956.90
Deferred Charges	144,407.13
Reserve for Uncollected Taxes	610,705.45
Total Appropriations	\$ 17,127,000.00

**TOWNSHIP OF BORDENTOWN
CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2020 - 2025 (1)**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in-Aid and Other Funds</u>	<u>Bonds and Notes General</u>
Park Improvements	\$ 550,000.00	\$ 27,500.00	\$ 150,000.00	\$ 372,500.00
Municipal Complex Improvements	150,000.00	7,500.00		142,500.00
Purchase of New Land and Buildings	15,000,000.00	750,000.00		14,250,000.00
Repair/Replacement/Maintenance of Streets and Roads	50,000.00	2,500.00		47,500.00
Public Works Equipment, Building and Improvements	200,000.00	10,000.00		190,000.00
Public Works Vehicles and Equipment	150,000.00	7,500.00		142,500.00
Police Technology & Equipment	130,000.00	6,500.00		123,500.00
	\$ 16,230,000.00	\$ 811,500.00	\$ 150,000.00	\$ 15,268,500.00

(1) As adopted

APPENDIX B

Audited Financial Statements of the Township of Bordentown

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Bordentown
Bordentown, New Jersey 08505

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 Bordentown in the County of Burlington, State of New Jersey, as of December 31, 2019, 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.

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.

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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 Bordentown in the County of Burlington, State of New Jersey, as of December 31, 2019, 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 Bordentown, in the County of Burlington, State of New Jersey, as of December 31, 2019, 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

Prior Period Restatement

As discussed in note 19 to the financial statements, the 2018 balances for Due from General Capital Fund and Reserves for Receivables and Other Assets on the Current Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis and the 2018 balances for non-budget revenue, liquidation of reserve for Due from General Capital Fund and beginning fund balance on the Statements of Operations and Changes in Fund Balance - Regulatory Basis have been restated to correct misstatements from prior years. Additionally, the 2018 balances of Grants Receivable, Due to Current Fund and the Reserves for Grants Receivable and Payment of Debt Service on the General Capital Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis also have been restated to correct misstatements from prior years. Our opinion is not modified with respect to these matters.

Respectfully submitted,

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

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

Voorhees New Jersey
August 5, 2020

**TOWNSHIP OF BORDENTOWN
CURRENT FUND**

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

	As of December 31				
	<u>2019</u>	<u>2018</u> (Restated)	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Regular Fund:					
Cash--Treasurer	\$ 7,628,635	\$ 5,209,644	\$ 5,746,106	\$ 5,347,465	\$ 3,688,056
Cash--Change Fund	950	625	625	650	550
	<u>7,629,585</u>	<u>5,210,269</u>	<u>5,746,731</u>	<u>5,348,115</u>	<u>3,688,606</u>
Receivables and other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	548,458	1,492,508	509,911	431,514	881,829
Tax Title Liens Receivable	229,829	158,963	17,026	23,095	33,815
Property Acquired for Taxes-- Assessed Valuation	515,200	515,200	515,200	515,200	515,200
Prepaid Salaries					223,441
Revenue Accounts Receivable	51,984	37,015	42,106	235,177	93,437
Interfunds Receivable	144,894	210,628	751,719		16,631
	<u>1,490,365</u>	<u>2,414,314</u>	<u>1,835,962</u>	<u>1,204,986</u>	<u>1,764,353</u>
Deferred Charges:					
Emergency Authorizations	64,754	-	-	190,010	-
Total Regular Fund	<u>9,184,704</u>	<u>7,624,583</u>	<u>7,582,693</u>	<u>6,743,111</u>	<u>5,452,959</u>
Federal and State Grant Fund:					
Federal and State Grants Receivable	2,991,964	473,573	478,668	187,477	9,895
Interfunds Receivable	472,276	400,271	397,452	223,960	195,578
Total Federal and State Grant Fund	<u>3,464,240</u>	<u>873,844</u>	<u>876,120</u>	<u>411,437</u>	<u>205,473</u>
Total Assets	<u>\$ 12,648,944</u>	<u>\$ 8,498,427</u>	<u>\$ 8,458,813</u>	<u>\$ 7,154,548</u>	<u>\$ 5,658,432</u>

(Continued)

**TOWNSHIP OF BORDENTOWN
CURRENT FUND**

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

	As of December 31				
	<u>2019</u>	<u>2018</u> (Restated)	<u>2017</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Regular Fund:					
Appropriation Reserves	\$ 493,966	\$ 249,294	\$ 934,254	\$ 481,887	\$ 430,692
Encumbrances Payable	110,995	210,723	214,380	204,612	285,840
Accounts Payable				85,967	173,298
Payroll Deductions Payable	40,630	69,551	22,163	40,629	40,767
Reserve for Special Funds	792,209	679,947	877,250	904,307	373,628
Prepaid Taxes	634,483	346,304	1,213,053	412,929	402,303
Tax Overpayments					11,272
Due to County for Added or Omitted Taxes	123,588	217,516	16,705	49,274	50,772
Due to County for PILOT			1,176		4,713
Regional School Taxes Payable				66,695	
Interfunds Payable	768,194	484,239	418,550	314,982	282,579
Due State of New Jersey--SBI Fingerprinting			3,252	3,252	3,252
Senior Citizen's and Veteran's Deductions	36,198	34,861	34,361	33,860	35,861
Marriage License Fees	275	425	350	550	325
Training Fees for New Construction	15,857	10,812	17,857	11,267	21,747
	<u>3,016,395</u>	<u>2,303,672</u>	<u>3,753,351</u>	<u>2,610,211</u>	<u>2,117,049</u>
Reserve for Receivables and Other Assets	1,490,365	2,414,314	1,835,962	1,204,986	1,764,353
Fund Balance	<u>4,677,944</u>	<u>2,906,597</u>	<u>1,993,380</u>	<u>2,927,914</u>	<u>1,571,557</u>
Total Regular Fund	<u>9,184,704</u>	<u>7,624,583</u>	<u>7,582,693</u>	<u>6,743,111</u>	<u>5,452,959</u>
Federal and State Grant Fund:					
Unappropriated Reserves	2,387,488		14,294	14,951	2,521
Due to General Capital	220,495	195,215			
Appropriated Reserves	854,482	674,690	859,914	386,421	202,879
Encumbrances Payable	1,775	3,939	1,912	10,065	73
Total Federal and State Grant Fund	<u>3,464,240</u>	<u>873,844</u>	<u>876,120</u>	<u>411,437</u>	<u>205,473</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,648,944</u>	<u>\$ 8,498,427</u>	<u>\$ 8,458,813</u>	<u>\$ 7,154,548</u>	<u>\$ 5,658,432</u>

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

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

	For the Years Ended December 31,				
	2019	2018 (Restated)	2017	2016	2015
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 2,185,000	\$ 1,215,000	\$ 2,000,000	\$ 1,250,000	\$ 1,393,500
Miscellaneous Revenues Anticipated	6,964,304	5,719,165	4,855,826	4,719,898	4,486,016
Receipts from Current Taxes	41,246,144	39,826,137	38,475,211	37,817,282	36,517,398
Receipts from Delinquent Taxes	1,480,100	425,907	412,031	825,477	342,547
Non-Budget Revenue	256,171	480,078	856,720	711,612	378,299
Other Credits to Income	370,716	858,371	658,632	562,473	177,203
Total Income	52,502,435	48,524,658	47,258,420	45,886,742	43,294,963
Expenditures:					
Operating	9,076,071	9,223,355	9,164,504	8,667,325	8,051,984
Deferred Charges and Statutory Expenditures	1,184,977	1,127,340	1,182,810	951,698	867,470
Capital Improvements	114,754	420,000	415,000	237,500	15,000
Debt Service	3,083,399	1,676,589	1,670,129	1,343,016	2,206,871
Judgments & Settlements				230,424	
County Taxes	5,888,758	5,755,880	5,403,007	5,253,943	5,255,325
Regional School District Taxes	25,188,850	24,633,306	24,232,263	23,648,092	22,945,978
Special District Taxes	3,568,842	3,474,460	3,041,456	2,961,108	2,713,783
Creation of Reserve for:					
Due from Trust - Open Space Fund	144,894				
Other Expenditures	360,297	85,511	1,083,785	177,289	228,720
Total Expenditures	48,610,842	46,396,441	46,192,954	43,470,395	42,285,131
Excess in Revenue	3,891,593	2,128,217	1,065,466	2,416,347	1,009,832
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which by Statute are Deferred to Following Year	64,754	-	-	190,010	-
Statutory Excess to Fund Balance	3,956,347	2,128,217	1,065,466	2,606,357	1,009,832
Fund Balance, January 1	2,906,597	1,993,380	2,927,914	1,571,557	1,955,225
	6,862,944	4,121,597	3,993,380	4,177,914	2,965,057
Decreased by:					
Utilized as Revenue	2,185,000	1,215,000	2,000,000	1,250,000	1,393,500
Fund Balance December 31	\$ 4,677,944	\$ 2,906,597	\$ 1,993,380	\$ 2,927,914	\$ 1,571,557

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

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

	As of December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Animal Control Fund:					
Cash - Treasurer	\$ 2,774	\$ 7,192	\$ 7,383	\$ 19,778	\$ 28,877
Accounts Receivable	4,595	2,593			
Interfunds Receivable	906	906	453		
	<u>8,275</u>	<u>10,691</u>	<u>7,836</u>	<u>19,778</u>	<u>28,877</u>
Open Space Trust Fund:					
Cash - Treasurer	430,427	243,160	517,866	192,832	235,489
Interfunds Receivable		23,266		3,285	151
	<u>430,427</u>	<u>266,426</u>	<u>517,866</u>	<u>196,117</u>	<u>235,640</u>
Other Trust Funds:					
Cash - Treasurer	4,090,622	3,887,218	4,723,178	3,007,959	3,223,372
Accounts Receivable	42,168	35,895	32,888	193,756	58,953
Interfunds Receivable	152,107	59,796	21,800		86,850
	<u>4,284,897</u>	<u>3,982,909</u>	<u>4,777,866</u>	<u>3,201,715</u>	<u>3,369,175</u>
	<u>\$ 4,723,599</u>	<u>\$ 4,260,026</u>	<u>\$ 5,303,568</u>	<u>\$ 3,417,610</u>	<u>\$ 3,633,692</u>
LIABILITIES AND RESERVES					
Animal Control Fund:					
Interfund Payable	\$ 142	\$ 141	\$ 127	\$ 17,260	\$ 16,617
Accounts Payable			1,897	463	132
Reserve for Animal Control	8,133	10,550	5,812	2,056	12,128
	<u>8,275</u>	<u>10,691</u>	<u>7,836</u>	<u>19,779</u>	<u>28,877</u>
Open Space Trust Fund:					
Encumbrances Payable	389	185	21,515	5,184	103,448
Interfund Payable	144,894		297,871		
Reserve - Municipal Open Space	285,144	266,241	198,480	190,933	132,192
	<u>430,427</u>	<u>266,426</u>	<u>517,866</u>	<u>196,117</u>	<u>235,640</u>
Other Trust Funds:					
Accounts Payable	2,591	5,878	1,887	10,326	7,602
Prepaid Off Duty Police Employment	6,570				
Encumbrances Payable	53,786	2,932	279,412	11,590	6,680
Reserve for Special Funds	4,221,949	3,974,098	4,496,566	3,179,799	3,354,893
	<u>4,284,897</u>	<u>3,982,909</u>	<u>4,777,866</u>	<u>3,201,715</u>	<u>3,369,175</u>
	<u>\$ 4,723,599</u>	<u>\$ 4,260,026</u>	<u>\$ 5,303,568</u>	<u>\$ 3,417,611</u>	<u>\$ 3,633,692</u>

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

**TOWNSHIP OF BORDENTOWN
TRUST - OPEN SPACE FUND**

Statements of Operations and Changes in Reserve for Future Use--Regulatory Basis

	For the Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenue Realized:					
Amount to be Raised by Taxation	\$ 356,464	\$ 363,108	\$ 349,089	\$ 351,316	\$ 351,295
Reserves Utilized	243,160	160,182	190,933	132,192	155,080
Cancellation of Prior Year Encumbrances	14,359	21,515			
Miscellaneous Revenue	484	7,477	7,440	59,519	67,919
	<u>614,467</u>	<u>552,283</u>	<u>547,462</u>	<u>543,027</u>	<u>574,294</u>
Expenditures:					
Payment of Bond Principal	300,000	300,000	300,000	300,000	300,000
Reserve for Future Use	52,404	24,340	48,982	52,094	142,102
	<u>352,404</u>	<u>324,340</u>	<u>348,982</u>	<u>352,094</u>	<u>442,102</u>
Statutory Excess to Reserve for Future Use	262,063	227,943	198,480	190,933	132,192
Balance January 1	266,241	198,480	190,934	132,192	155,080
	528,304	426,423	389,414	323,125	287,272
Decreased by:					
Utilized as Revenue	243,160	160,182	190,934	132,192	155,080
Balance December 31	<u>\$ 285,144</u>	<u>\$ 266,241</u>	<u>\$ 198,480</u>	<u>\$ 190,933</u>	<u>\$ 132,192</u>

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

**TOWNSHIP OF BORDENTOWN
GENERAL CAPITAL FUND**

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

	As of December 31				
	<u>2019</u>	<u>2018</u> (Restated)	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash and Investments	\$ 9,052,221	\$ 8,897,563	\$ 4,271,288	\$ 7,020,168	\$ 4,313,037
Interfunds Receivable				20,462	
Deferred Charges to Future Taxation:					
Funded	20,705,000	23,075,000	18,020,000	19,070,000	13,895,000
Unfunded	19,389,505	14,855,905	10,390,905	8,273,405	9,180,405
Due From Current Fund	142,905				
Due From Federal and State Grant Fund	220,495	195,215			
Grants Receivable	907,243	1,290,323	2,003,594	1,870,146	2,590,146
	<u>\$ 50,417,369</u>	<u>\$ 48,314,006</u>	<u>\$ 34,685,787</u>	<u>\$ 36,254,181</u>	<u>\$ 29,978,588</u>
LIABILITIES, RESERVES AND FUND BALANCE					
General Serial Bonds	\$ 20,705,000	\$ 23,075,000	\$ 18,020,000	\$ 19,070,000	\$ 13,895,000
Bond Anticipation Notes	4,438,250			553,000	1,450,000
Interfund Payable		210,628	455,003		15
Improvement Authorizations:					
Funded	1,905,195	3,733,223	1,843,551	3,048,832	678,126
Unfunded	18,579,076	14,776,773	10,212,356	8,194,273	9,044,130
Reserve for:					
Grants Receivable	907,243	1,290,323	1,940,448	1,807,000	2,527,000
Encumbrances	1,524,863	3,375,136	874,631	2,474,998	1,809,779
Reserve to Payment of Debt Service	2,194,766	1,638,547	1,335,422	999,202	435,162
Capital Improvement Fund	162,915	214,315	4,315	26,815	59,315
Fund Balance	61	61	61	80,061	80,061
	<u>\$ 50,417,369</u>	<u>\$ 48,314,006</u>	<u>\$ 34,685,787</u>	<u>\$ 36,254,181</u>	<u>\$ 29,978,588</u>

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

TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Bordentown ("Township"), in the County of Burlington, incorporated in 1852, is located in the center of New Jersey approximately seven miles from Trenton. The population according to the latest census is 11,367 with a land area of 10 square miles. The Township provides to its citizens the following services: public safety, sanitation, recreation, public improvements, planning and zoning and general administrative services.

The Township is governed by an elected committee ("Committee") consisting of five members who serve three-year terms. The Mayor is chief executive officer of the Township and is annually appointed by the Committee at the beginning of each fiscal year. The functions of the Committee, as the governing body, are legislative.

Administrative responsibilities are assigned to the Township Administrator. The Committee establishes policy. The Administrator is responsible for the day-to-day operations of the Township and implementing and administering policy.

Component Units - The financial statements of the component units of the Township are not presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. If the provisions of the aforementioned GASB Statement, as amended had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Bordentown Sewerage Authority
954 Farnsworth Ave
Bordentown, NJ 08505

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

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* ("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.

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

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.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current and open space trust 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.

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.

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

Cash, Cash Equivalents and Investments (Cont'd) - 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.

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.

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

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 the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Bordentown Regional School District and Township of Bordentown Fire Districts No. 1 and No. 2. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Bordentown Regional School District. Operations is charged for the Township's share of the amount required to be raised by taxation for the period from January 1 to December 31. The Township does not defer any school taxes.

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 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 Township of Bordentown Fire Districts No. 1 and No. 2. 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.

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

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

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

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

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

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

Compensated Absences and 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.

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.

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

As of December 31, 2019, the Township's bank balances of \$21,337,019.07 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000.00
Insured by GUDPA	18,379,167.45
Uninsured and Uncollateralized	<u>2,707,851.62</u>
Total	<u>\$ 21,337,019.07</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Apportionment of Tax Rate:					
Municipal	\$0.557	\$0.542	\$0.541	\$0.540	\$0.540
Municipal Open Space	0.029	0.030	0.030	0.030	0.030
County	0.493	0.480	0.466	0.450	0.450
Regional School District	<u>2.147</u>	<u>2.128</u>	<u>2.090</u>	<u>2.038</u>	<u>1.978</u>
Total Tax Rate (1)	<u>\$3.226</u>	<u>\$3.180</u>	<u>\$3.127</u>	<u>\$3.058</u>	<u>\$2.998</u>
Special District Rates:					
Fire District No. 1	\$0.277	\$0.270	\$0.260	\$0.252	\$0.206
Fire District No. 2	0.273	0.274	0.220	0.213	0.203

(1) Excludes Special District Rates

Assessed Valuation

<u>Year</u>	<u>Assessed Valuation</u>
2019	\$ 1,173,483,390.00
2018	1,157,607,035.00
2017	1,159,322,203.00
2016	1,160,103,244.00
2015	1,159,654,679.00

Note 3: PROPERTY TAXES (CONT'D)

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy (Net of Appeals)</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 41,847,393.79	\$ 41,246,144.06	98.56%
2018	41,393,070.17	39,826,136.89	96.21%
2017	39,047,532.85	38,475,210.67	98.53%
2016	38,234,984.13	37,817,282.33	98.91%
2015	37,418,377.58	36,517,398.26	97.59%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	\$ 229,828.66	\$ 548,458.45	\$ 778,287.11	1.86%
2018	158,963.07	1,492,507.70	1,651,470.77	3.99%
2017	17,026.45	509,910.60	526,937.05	1.35%
2016	23,094.99	431,513.68	454,608.67	1.19%
2015	33,814.86	881,828.63	915,643.49	2.45%

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

<u>Year</u>	<u>Number of Tax Title Liens Receivable</u>
2019	13
2018	14
2017	6
2016	4
2015	7

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2019	\$ 515,200.00
2018	515,200.00
2017	515,200.00
2016	515,200.00
2015	515,200.00

Note 5: FUND BALANCES APPROPRIATED

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 4,677,943.81	\$ 2,158,060.00	46.13%
2018	2,906,597.32	2,185,000.00	75.17%
2017	1,993,379.77	1,215,000.00	60.95%
2016	2,927,914.96	2,000,000.00	68.31%
2015	1,571,557.02	1,250,000.00	79.54%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2019:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 144,894.05	\$ 768,194.89
Federal and State Grant Fund	472,276.31	
Trust-Animal Control	906.38	
Trust-Other Funds	152,107.12	
Truth-Open Space		144,894.05
Capital Fund	142,905.08	
	<u>\$ 913,088.94</u>	<u>\$ 913,088.94</u>

The interfund receivables and payables above predominately resulted from cash received and payments made by certain funds on behalf of other funds. During 2020, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

A substantial number of the Township's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, Township employees may 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 plans' 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.state.nj.us/treasury/pensions/financial-reports.shtml>

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the 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.

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2019. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2019. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2019 was 13.48% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$220,270.00, and was payable by April 1, 2020. 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$197,323.00, which was paid by April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$127,633.37.

Police and Firemen's Retirement System - The contribution policy for PFRS 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 member contribution rate was 10.0% in State fiscal year 2019. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, 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, 2019 was 27.63% 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, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$664,299.00, and was payable by April 1, 2020. 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 was \$556,749.00, which was paid by April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$241,054.30.

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, 2019 was 3.56% of the Township's covered payroll.

Note 7: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2019 is \$85,627.00, and was payable by April 1, 2020. Based on the 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 was \$61,992.00, which was paid by April 1, 2019.

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, 2019, there were no employees participating in DCRP.

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

Public Employees' Retirement System - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$4,080,301.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the Township's proportion was .0226450878%, which was an increase of .0028071891% from its proportion measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$364,892.00. This (benefit) 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, 2019, the Township's contribution to PERS was \$197,323.00, and was paid by April 1, 2019.

Police and Firemen's Retirement System - At December 31, 2019, 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	\$ 8,048,199.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>1,270,826.00</u>
	<u>\$ 9,319,025.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. 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, 2019 measurement date, the Township's proportion was .0657649769%, which was an increase of .0088171409% from its proportion measured as of June 30, 2018. Likewise, at June 30, 2019, the State of New Jersey's proportion, on-behalf of the Township, was .0657649769%, which was an increase of .0088171409% from its proportion, on-behalf of the Township, measured as of June 30, 2018.

At December 31, 2019, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is \$1,101,713.00. This (benefit) 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, 2019, the Township's contribution to PFRS was \$556,749.00, and was paid by April 1, 2019.

At December 31, 2019, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date is \$147,660.00. This on-behalf (benefit) 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, 2019, 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	\$ 73,236.00	\$ 67,937.00	\$ 141,173.00	\$ 18,025.00	\$ 50,955.00	\$ 68,980.00
Changes of Assumptions	407,433.00	275,775.00	683,208.00	1,416,260.00	2,601,104.00	4,017,364.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	64,409.00	109,050.00	173,459.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	716,878.00	1,667,405.00	2,384,283.00	355,160.00	582,729.00	937,889.00
Township Contributions Subsequent to the Measurement Date	110,135.00	332,150.00	442,285.00	-	-	-
	<u>\$ 1,307,682.00</u>	<u>\$ 2,343,267.00</u>	<u>\$ 3,650,949.00</u>	<u>\$ 1,853,854.00</u>	<u>\$ 3,343,838.00</u>	<u>\$ 5,197,692.00</u>

\$110,135.00 and \$332,150.00 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, 2020. These amounts were based on an estimated April 1, 2021 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2019 to the Township's year end of December 31, 2019.

Note 7: PENSION PLANS (CONT'D)Pension Liabilities, Pension (Benefit) 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
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
June 30, 2019	-	5.21	-	5.92
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
June 30, 2019	-	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
June 30, 2019	5.21	5.21	5.92	5.92

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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				
<u>Dec 31,</u>	<u>PERS</u>		<u>PFRS</u>	<u>Total</u>
2020	\$ 35,048.00	\$	(107,677.00)	\$ (72,629.00)
2021	(301,891.00)		(638,547.00)	(940,438.00)
2022	(299,152.00)		(444,958.00)	(744,110.00)
2023	(99,487.00)		(185,146.00)	(284,633.00)
2024	9,175.00		43,607.00	52,782.00
	<u>\$ (656,307.00)</u>		<u>\$ (1,332,721.00)</u>	<u>\$ (1,989,028.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases (1):		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

(1) Based on Years of Service

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

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PFRS, pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28% for PERS and 6.85% 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 3.50% as of June 30, 2019, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057 for PERS and 2076 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 for PERS and 2076 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2019, the Plan's measurement date, calculated using a discount rate of 6.28%, 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 (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 5,154,084.00</u>	<u>\$ 4,080,301.00</u>	<u>\$ 3,175,488.00</u>

Note 7: PENSION PLANS (CONT'D)Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)

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, 2019, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.85%, 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 (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Township's Proportionate Share of the Net Pension Liability	\$ 10,878,232.00	\$ 8,048,199.00	\$ 5,705,939.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>1,717,693.00</u>	<u>1,270,826.00</u>	<u>900,979.00</u>
	<u>\$ 12,595,925.00</u>	<u>\$ 9,319,025.00</u>	<u>\$ 6,606,918.00</u>

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) 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.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information**

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

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

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0226450878%	0.0198378987%	0.0222659233%	0.0213569395%
Township's Proportionate Share of the Net Pension Liability	\$ 4,080,301.00	\$ 3,905,983.00	\$ 5,183,151.00	\$ 6,325,313.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,588,168.00	\$ 1,353,592.00	\$ 1,524,500.00	\$ 1,431,748.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	256.92%	288.56%	339.99%	441.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0204036886%	0.0179287412%	0.0180858254%	
Township's Proportionate Share of the Net Pension Liability	\$ 4,580,219.00	\$ 3,356,502.00	\$ 3,456,561.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,234,980.00	\$ 1,170,896.00	\$ 1,213,268.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	370.87%	286.66%	284.90%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 220,270.00	\$ 197,323.00	\$ 206,270.00	\$ 189,732.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (220,270.00)	(197,323.00)	(206,270.00)	(189,732.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,634,155.00	\$ 1,581,027.00	\$ 1,433,721.00	\$ 1,495,628.00
Township's Contributions as a Percentage of Covered Payroll	13.48%	12.48%	14.39%	12.69%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 175,417.00	\$ 147,791.00	\$ 136,273.00	
Township's Contribution in Relation to the Contractually Required Contribution	(175,417.00)	(147,791.00)	(136,273.00)	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,411,198.00	\$ 1,283,427.00	\$ 1,189,360.00	
Township's Contributions as a Percentage of Covered Payroll	12.43%	11.52%	11.46%	

Note 7: PENSION PLANS (CONT'D)Supplementary Pension Information (Cont'd)*Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Seven Plan Years)*

	<u>Measurement Date Ended June 30,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0657649769%	0.0569478360%	0.0625128205%	0.0563235786%
Township's Proportionate Share of the Net Pension Liability	\$ 8,048,199.00	\$ 7,705,981.00	\$ 9,650,771.00	\$ 10,759,244.00
State's Proportionate Share of the Net Pension Liability associated with the Township	1,270,826.00	1,046,730.00	1,080,968.00	903,510.00
Total	<u>\$ 9,319,025.00</u>	<u>\$ 8,752,711.00</u>	<u>\$ 10,731,739.00</u>	<u>\$ 11,662,754.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,215,648.00	\$ 1,889,272.00	\$ 2,023,520.00	\$ 1,800,240.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	363.24%	407.88%	476.93%	597.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.00%	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0566224423%	0.0512673947%	0.0508483163%	
Township's Proportionate Share of the Net Pension Liability	\$ 9,431,325.00	\$ 6,448,963.00	\$ 6,759,825.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	827,096.00	694,445.00	630,098.00	
Total	<u>\$ 10,258,421.00</u>	<u>\$ 7,143,408.00</u>	<u>\$ 7,389,923.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,793,128.00	\$ 1,685,872.00	\$ 1,551,388.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	382.53%	435.73%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

Note 7: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)
(Last Seven Years)***

	<u>Year Ended December 31,</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 664,299.00	\$ 556,749.00	\$ 553,250.00	\$ 459,229.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(664,299.00)</u>	<u>(556,749.00)</u>	<u>(553,250.00)</u>	<u>(459,229.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 2,403,877.00	\$ 2,201,025.00	\$ 1,936,569.00	\$ 2,024,689.00
Township's Contributions as a Percentage of Covered Payroll	27.63%	25.29%	28.57%	22.68%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 460,256.00	\$ 393,769.00	\$ 370,978.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(460,256.00)</u>	<u>(393,769.00)</u>	<u>(370,978.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,854,013.00	\$ 1,843,205.00	\$ 1,684,852.00	
Township's Contributions as a Percentage of Covered Payroll	24.82%	21.36%	22.02%	

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

None

Changes in Assumptions

The Discount Rate changed at June 30th over the following years: 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017, 5.66% 2018, and 6.28% 2019.

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, 2018 and 2019.

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2014 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees and beneficiaries, the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For disabled retiree mortality, the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males, and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

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.

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, 6.51% 2018 and 6.85% 2019.

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, 2018 and 2019.

Note 7: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

For 2019, the assumed rates of retirement, mortality, salary increases, and inflation were updated based on the July 1, 2013 - June 30, 2018 Experience Study. For pre-retirement mortality, the Pub-201 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For healthy retirees, the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For beneficiaries mortality, the Pub-2010 General Retiree Below-Median Income Weighted mortality table, unadjusted, and with future improvement from the base year of 2010 on a generational basis was used. For disabled mortality, the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis was used. For mortality improvement, Scale MP-2019 was used.

For 2016, the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Township does not provide postemployment benefits to its retirees, however, the State of New Jersey (the "State") provides these benefits to certain Township retirees and their dependents under a special funding situation as described below.

The State of New Jersey, on-behalf of 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>.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating 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.

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.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)****Contributions (Cont'd)**

Special Funding Situation Component (Cont'd) - Therefore, the Township is 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 Township does 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 Township is required disclose:

- a) the State's proportion (percentage) of the collective net OPEB liability that is associated with the Township,
- b) the State's proportionate share of the collective net OPEB liability that is associated with the Township, and
- c) the State's proportionate share of the OPEB (benefit) expense that is associated with the Township.

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 (benefit) expense, on-behalf of the Township, is \$103,189.00 for the year ended December 31, 2019 representing 4.29% of the Township's covered payroll.

OPEB Liability and OPEB (Benefit) Expense

OPEB Liability - At December 31, 2019 the State's proportionate Share of the Net OPEB liability associated with the Township is \$7,784,798.00. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

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, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the State's proportion on-behalf of the Township was .140883% which was a decrease of .003402% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the State's proportionate share of the OPEB (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2019 measurement date, is \$103,189.00. This on-behalf (benefit) expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

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

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Not Applicable Under Special Funding Situation	
PFRS:	
Rate for all Years	3.25% to 15.25%

* Salary Increases are Based on Years of Service
Within the Respective Plan

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS experience study prepared for July 1, 2013 to June 30, 2018.

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, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the net OPEB Liability to Changes in the Discount Rate**

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2019, the Plan's measurement date, calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>\$ 9,001,207.00</u>	<u>\$ 7,784,798.00</u>	<u>\$ 6,796,305.00</u>

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

The net OPEB Liability as of June 30, 2019, the Plan's 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
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>\$ 6,569,410.00</u>	<u>\$ 7,784,798.00</u>	<u>\$ 9,335,230.00</u>

OPEB Plan Fiduciary Net Position

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

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

Supplementary OPEB Information

In accordance with GASB 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 State's Proportionate Share of the net OPEB Liability Associated with the Township (Last Three Plan Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.000000%	0.000000%	0.000000%
State's Proportion of the Net OPEB Liability Associated with the Township	100.000000%	100.000000%	100.000000%
	<u>100.000000%</u>	<u>100.000000%</u>	<u>100.000000%</u>
Township's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Township	7,784,798.00	8,965,646.00	11,558,465.00
Total	<u>\$ 7,784,798.00</u>	<u>\$ 8,965,646.00</u>	<u>\$ 11,558,465.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 2,320,564.00	\$ 2,049,232.00	\$ 1,989,988.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
State's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	335.470%	437.512%	580.831%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

Schedule of the State's Contributions Associated with the Township (Last Three Years)

The amount of actual contributions that the State made on-behalf of the Township is not known.

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms

In 2019, there were slight changes to the Chapter 48 provisions.

Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information (Cont'd)****Changes in Assumptions**

In 2019, the discount rate changed to 3.50% from 3.87%, and there were changes in the assumed health care cost trend, PPO/HMO future retiree elections, and excise tax assumptions. Further, decrements, salary scale, and mortality assumptions were updated based on the July 1, 2013 - June 30, 2018 PFRS experience study. For mortality related to PFRS members and retirees, the Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019 was used.

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.

In 2017, the discount rate changed to 3.58% from 2.85%.

Note 9: COMPENSATED ABSENCES

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

The Township compensates employees for unused sick leave upon termination or retirement. The current policy provides one compensated day for every two days accumulated. There is a maximum pay-out of fifty days' pay, and is paid at the rate of pay upon termination or retirement up to \$12,000.00 for Police Officers and \$7,500.00 for all other employees.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2019, accrued benefits for compensated absences are valued at \$432,006.00.

Note 10: 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 11: LEASE OBLIGATIONS

At December 31, 2019, the Township had lease agreements in effect for the following:

Operating:
Six Photocopy Machines
One Postage Machine

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

<u>Year</u>	<u>Amount</u>
2020	\$ 21,985.08
2021	21,985.08
2022	4,228.95
	<u>\$ 48,199.11</u>

Rental payments under operating leases for the year 2019 were \$21,985.08.

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

General Obligation Bonds, Series 2009 - On February 10, 2009, the Township issued \$4,000,000.00 in general obligation bonds, with interest rates ranging from 3.25% to 4.00%. The bonds were issued to finance the acquisition of various properties within the Township for the purpose of preserving open space. The final maturity of the bonds was scheduled to be February 15, 2028, however due to the partial defeasance made by the Township in 2019, the final payment is now February 15, 2024.

General Obligation Refunding Bonds, Series 2014 - On April 17, 2014, the Township issued \$8,181,000.00 in general obligation bonds, with interest rates ranging from 2.00% to 4.00%. The bonds were issued for the purpose of financing the cost of various capital improvements. The final maturity of the bonds is March 1, 2042.

General Obligation Refunding Bonds, Series 2016 - On June 1, 2016, the Township issued \$6,010,000.00 in general obligation bonds, with interest rates ranging from 1.00% to 3.00%. The bonds were issued for the purpose of financing the cost of various capital improvements. The final maturity of the bonds is March 1, 2041.

General Obligation Bonds, Series 2018 - On August 1, 2018, the Township issued \$6,175,000.00 in general obligation bonds, with a 3.00% rate of interest. The bonds were issued for the purpose of financing the cost of various capital improvements. The final maturity of the bonds is August 1, 2033.

Burlington County Bridge Commission – Guaranteed Pooled Loan Revenue Refunding Bonds

On March 11, 2013, the Township entered into a guaranteed pooled loan agreement with the Burlington County Bridge Commission with interest rates ranging from 2.00% to 5.00%. The proceeds were used to advance refund a 2004 loan with the Burlington County Bridge Commission. The final maturity of the loan is December 1, 2024.

Note 12: CAPITAL DEBT (CONT'D)**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,430,000.00	\$ 664,618.78	\$ 2,094,618.78
2021	1,490,000.00	619,106.28	2,109,106.28
2022	1,525,000.00	571,306.28	2,096,306.28
2023	1,575,000.00	522,431.27	2,097,431.27
2024	1,625,000.00	471,731.26	2,096,731.26
2025-2029	6,160,000.00	1,550,471.92	7,710,471.92
2030-2034	4,585,000.00	797,106.25	5,382,106.25
2035-2039	1,320,000.00	325,775.00	1,645,775.00
2040-2042	995,000.00	58,025.00	1,053,025.00
	<u>\$ 20,705,000.00</u>	<u>\$ 5,580,572.04</u>	<u>\$ 26,285,572.04</u>

Summary of Debt

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

Issued	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
General:			
Bonds and Notes	\$ 25,143,250.00	\$ 23,075,000.00	\$ 18,020,000.00
Authorized and Not Issued			
General:			
Bonds and Notes	<u>14,951,255.02</u>	<u>14,855,905.00</u>	<u>10,390,905.00</u>
Total Issued and Authorized and Not Issued	40,094,505.02	37,930,905.00	28,410,905.00
Deductions			
Funds Temporarily Held to Pay Bonds and Notes	2,194,765.98	1,638,547.24	1,335,421.79
Accounts Receivable Applicable to the Payment of Gross Debt	<u>3,837,242.55</u>	<u>1,290,322.55</u>	<u>1,940,448.00</u>
Total Deductions	6,032,008.53	2,928,869.79	3,275,869.79
Net Debt	<u>\$ 34,062,496.49</u>	<u>\$ 35,002,035.21</u>	<u>\$ 25,135,035.21</u>

Note 12: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.468%.

	Gross Debt	Deductions	Net Debt
Regional School District	\$ 22,074,079.17	\$ 22,074,079.17	
General	40,094,505.02	6,032,008.53	\$ 34,062,496.49
	\$ 62,168,584.19	\$ 28,106,087.70	\$ 34,062,496.49

Net Debt \$34,062,496.49 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,379,947,654.00 equals 2.468%.

3.5% of Equalized Valuation Basis (Municipal)	\$ 48,298,167.89
Net Debt	34,062,496.49
Remaining Borrowing Power	\$ 14,235,671.40

Revised Annual Debt Statements should be filed by the Chief Financial Officer.

Note 13: RISK MANAGEMENT

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

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

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

Year	Employee Contributions	Expenses Paid		Ending Balance
2019	\$ 7,130.43	\$ 3,464.74	\$	82,106.26
2018	7,076.86	1,900.16		78,440.57
2017	6,735.77	1,757.06		73,263.87

Note 13: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Township is a member of several joint insurance funds. The Township maintains the following funds and coverage:

Statewide Excess Liability Fund – Umbrella Liability Coverage
Statewide Workers' Compensation Fund – Workers' Compensation Coverage

Contributions to the Fund, including a reserve for contingencies, are payable in various 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.

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

Burlington County Municipal Joint Insurance Fund
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

Note 14: 1986 SERVICE CONTRACT

The Township entered into a service contract with the Bordentown Sewerage Authority and the City of Bordentown. Under the 1986 Service Contract, should certain items of expense exceed certain items of receipts during any fiscal year, then upon certification by the Authority to the City and Township not later than January 15, next succeeding the completion of such fiscal year of the amount of such excess, each municipality is obligated to pay to the Authority its proportionate share of such excess in an amount to be computed in accordance with the 1986 Service Contract.

At any time after five years from the date of the 1986 Service Contract, and after the payment in full of all obligations of the Authority, including all outstanding bonds, the 1986 Service Contract, upon two years notice to the Authority and to each of the municipalities, may be terminated by the Authority or either municipality.

Note 15: OPEN SPACE PRESERVATION TRUST

On November 2, 1999, 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 Bordentown Open Space Preservation Trust Fund effective January 1, 2000, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of open space. As a result, the Township levies a tax not to exceed 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 Bordentown Open Space Preservation 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: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance December 31, 2019</u>	<u>2020 Budget Appropriation</u>
Current Fund:		
Emergency Authorization	\$ 64,753.63	\$ 64,753.63

The appropriation in the 2020 Budget as adopted is not less than that required by the statutes.

Note 19: PRIOR PERIOD ADJUSTMENT

As a result of a correction of an error related to the misclassification of grant receipts as non-budget revenue, the Current Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis, the Statements of Operations and Changes in Fund Balance - Regulatory Basis and the General Capital Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as of December 31, 2018 have been restated.

The effect on the Current Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as reported for December 31, 2018 is as follows:

	As Previously Reported Balance <u>Dec. 31, 2018</u>	Restatement Increase / (Decrease) <u>(Decrease)</u>	Restated Balance <u>Dec. 31, 2018</u>
<u>ASSETS</u>			
Regular Fund:			
Receivables and Other Assets with Full Reserves:			
Due From:			
General Capital Fund	\$ 311,853.71	\$ (101,225.45)	\$ 210,628.26
Total Receivables and Other Assets with Full Reserves:	<u>2,515,539.64</u>	<u>(101,225.45)</u>	<u>2,414,314.19</u>
Total Regular Fund	<u>7,725,808.67</u>	<u>(101,225.45)</u>	<u>7,624,583.22</u>
Total Assets	<u>\$ 8,599,652.82</u>	<u>\$ (101,225.45)</u>	<u>\$ 8,498,427.37</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Reserves for Receivables and Other Assets	\$ 2,515,539.64	\$ (101,225.45)	\$ 2,414,314.19
Total Regular Fund	<u>7,725,808.67</u>	<u>(101,225.45)</u>	<u>7,624,583.22</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 8,599,652.82</u>	<u>\$ (101,225.45)</u>	<u>\$ 8,498,427.37</u>

Note 19: PRIOR PERIOD ADJUSTMENT (CONT'D)

The effect on the Current Fund Statements of Operations and Changes in Fund Balance - Regulatory Basis as reported for December 31, 2018 is as follows:

	As Previously Reported Balance <u>Dec. 31, 2018</u>	Restatement Increase / (Decrease)	Restated Balance <u>Dec. 31, 2018</u>
<u>Revenue and Other Income Realized</u>			
Non-Budget Revenue	\$ 532,001.01	\$ (51,923.67)	\$ 480,077.34
Other Credits to Income:			
Liquidation of Reserves for:			
Due from General Capital Fund	143,149.71	51,923.67	195,073.38

The effect on the General Capital Fund Statements of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis as reported for December 31, 2018 is as follows:

	As Previously Reported Balance <u>Dec. 31, 2018</u>	Restatement Increase / (Decrease)	Restated Balance <u>Dec. 31, 2018</u>
<u>ASSETS</u>			
Grants Receivable	\$ 1,391,548.00	\$ (101,225.45)	\$ 1,290,322.55
Total Assets	<u>\$ 48,415,231.71</u>	<u>\$ (101,225.45)</u>	<u>\$ 48,314,006.26</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due to Current Fund	\$ 311,853.71	\$ (101,225.45)	\$ 210,628.26
Reserves for:			
Grants Receivable	1,391,548.00	(101,225.45)	1,290,322.55
Payment of Debt Service	1,537,321.79	101,225.45	1,638,547.24
Total Liabilities, Reserves and Fund Balance	<u>\$ 48,415,231.71</u>	<u>\$ (101,225.45)</u>	<u>\$ 48,314,006.26</u>

Note 20: SUBSEQUENT EVENTS

Tax Appeals - As of December 31, 2019, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material.

COVID-19 - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

In response to the COVID-19 outbreak in the United States, the Township Hall has been closed to the public since March 17, 2020. Office staff worked remotely while public works employees worked on a reduced-hours schedule. In addition, at a regular meeting of the Mayor and Committee held on April 13, 2020, the Township adopted Resolution 2020-100, authoring the suspension of the collection of business license fees for the 2020 – 2021 licensing year. Management has estimated that waiving of these fees will result in the Township forgoing \$60,000.00 in revenue. Furthermore, at a special meeting of the Mayor and Committee held on May 4, 2020, the Township adopted Resolution 2020-109, authoring extension of grace period for payment of second quarter property taxes to June 1, 2020, pursuant to Executive Order No. 130 signed by the Governor of the State of New Jersey on April 27, 2020. Finally, at a regular meeting of the Mayor and Committee held on June 8, 2020, the Township adopted Resolution 2020-124, authoring the Tax Collector to prepare and mail estimated property tax bills for the third installment of 2020 taxes, as permitted by statutes.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the full effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2020.

APPENDIX C

Form of Bond Counsel's Opinion

FORM OF OPINION OF BOND COUNSEL

\$8,903,250

**TOWNSHIP OF BORDENTOWN, IN THE COUNTY OF BURLINGTON, NEW JERSEY
BOND ANTICIPATION NOTES, 2020 SERIES A**

September __, 2020

Township Committee of
The Township of Bordentown, in the
County of Burlington, New Jersey

Gentlemen,

The Township of Bordentown, in the County of Burlington, New Jersey (the “Township”), has authorized the issuance of \$8,903,250 principal amount of Bond Anticipation Notes, 2020 Series A (the “Notes”), for the purpose of providing funds for certain general capital improvements within the Township and to currently refund the Township’s \$4,438,250 Bond Anticipation Notes, 2019 Series A. The Notes are issued as a single instrument for the entire face amount of the issue in registered form, bear interest at the rate of ___% per annum, payable at maturity, and mature on September 28, 2021. The Notes are not subject to redemption prior to their maturity date.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, as amended (the “Local Bond Law”), and Ordinance Nos. 2019-8, 2019-12 and 2020-17, duly and finally adopted by the Township Committee of the Township (the “Ordinances”) in accordance with the Local Bond Law.

As Bond Counsel for the Township, we have examined the proceedings relating to the authorization and issuance of the Notes, including, among other things: (a) certified copies of the Ordinances; (b) proofs of publication of legal notices relating to the enactment of the Ordinances; (c) a certificate of the Solicitor to the Township; and (d) certificates of Township officials as to material factual matters, including a certificate of the Township pursuant to the federal income tax laws and regulations applicable to the Notes, and as to the execution of the Notes. In rendering our opinion, we have relied upon the genuineness, authenticity, truthfulness and completeness of all documents, records and other instruments examined. As to any facts material to our opinion, we have, when such facts were not independently established, relied upon the aforesaid instruments, certificates and documents without undertaking to verify the same by independent investigation.

From our examination of the foregoing, we are of the opinion that:

1. The Township has the power within all applicable constitutional and statutory provisions to authorize and issue the Notes.
2. The Notes have been duly authorized, issued and sold and are valid, binding and enforceable general obligations of the Township, except as enforcement may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the rights and remedies of creditors.

3. The Township has irrevocably pledged its full faith, credit and taxing power for the punctual payment of the principal of and interest on the Notes and, unless paid from other sources, such principal and interest is payable from *ad valorem* taxes levied upon all taxable property within the Township without limitation as to rate or amount.

4. The interest on the Notes and gain from the sale thereof are exempt from taxation by the State of New Jersey under the New Jersey Gross Income Tax Act as enacted and construed on the date hereof.

5. Under existing law as enacted and construed on the date hereof and assuming the accuracy of the certifications of the Township being delivered in connection with the issuance of the Notes and continuing compliance by the Township with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes in order for interest thereon to be excluded from gross income for federal income tax purposes, interest on the Notes is excludable from gross income for federal income tax purposes and interest on the Notes is not an item of tax preference for purposes of the federal individual alternative minimum tax.

We call to your attention that the Code, subject to limited exceptions, denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or carry tax-exempt obligations such as the Notes. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations generally applies to those tax-exempt obligations acquired after August 7, 1986. In the case of "qualified tax-exempt obligations," however, a denial of twenty percent (20%) of the deduction will apply in lieu of the denial of one hundred percent (100%). A "qualified tax-exempt obligation" is a tax-exempt obligation which is designated as such by the issuer and is not a private activity bond (other than a qualified 501(c)(3) bond). An issuer and all entities that must be aggregated with it pursuant to the Code ("Other Issuers") may not designate more than \$10,000,000 of tax-exempt obligations during any calendar year. Obligations issued to refund qualified tax-exempt obligations may be "deemed designated" under the Code if certain requirements are met. The Township has designated the Notes as qualified tax-exempt obligations under the Code, and has represented to us that neither it nor any Other Issuer has issued or expects to issue more than \$10,000,000 of tax-exempt obligations (excluding certain obligations not required to be taken into account under the Code) in the calendar year 2020. Based on such representations, it is our opinion that banks, thrift institutions and other financial institutions which purchase the Notes may deduct eighty percent (80%) of their interest expense on indebtedness incurred to purchase or carry the Notes pursuant to Sections 265(b) and 291(e)(1)(B) of the Code.

Except as expressly stated above, we express no opinion regarding any other federal, state or local tax consequences relating in any way to the Notes or the receipt of interest thereon. Owners of the Notes should consult their tax advisors regarding the applicability of any collateral tax consequences of purchasing, owning, carrying or disposing of the Notes and the treatment of the accrual or receipt of interest on the Notes.

No opinions may be inferred or implied beyond the matters expressly stated herein, and our opinions expressed herein must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth herein.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated September ___, 2020 or any other offering material relating to the Notes.

Township Committee of
The Township of Bordentown
September ____, 2020
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The opinions set forth above are given solely as of the date hereof and are based upon the laws and reported judicial decisions as they exist and are construed as of the date hereof. We do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur, including, but not limited to, those that may affect the tax status of the interest on the Notes.

Very truly yours,

APPENDIX D

Form of Continuing Disclosure Agreement

**TOWNSHIP OF BORDENTOWN
IN THE COUNTY OF BURLINGTON, NEW JERSEY
BOND ANTICIPATION NOTES, 2020 SERIES A**

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Township of Bordentown, in the County of Burlington, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Notes, 2020 Series A (the “Notes”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with the Rule. Pursuant to paragraph (d)(3) of the Rule, as the stated maturity date of the Notes is 18 months or less, the provisions of paragraph (b)(5) of the Rule shall not apply, other than paragraph (b)(5)(i)(C), which requires reporting of the Listed Events.

SECTION 2. Definitions. Unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“Dissemination Agent” shall mean Phoenix Advisors, LLC, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org/>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor organization.

“Noteholder” shall mean any person who is the registered owner of any Note, including Beneficial Owners of the Notes.

“Repository” shall mean each nationally recognized municipal securities information repository under the Rule. As of the date hereof, the Securities and Exchange Commission has appointed the MSRB through EMMA to act as the sole Repository. Any information filed in

connection with this Disclosure Agreement shall be filed with EMMA at <http://emma.msrb.org/>, and any future Repository as may be required under the Rule.

“Participating Underwriter” shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

“Rule” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New Jersey.

SECTION 3. [Reserved]

SECTION 4. [Reserved]

SECTION 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (“Listed Events”) with respect to the Notes, as applicable:

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 Notes or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls (excluding mandatory sinking fund redemption), if material, or tender offers;
9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall within ten (10) Business Days of the occurrence of any of the Listed Events, provide notice to the Repository or, if a Dissemination Agent is appointed, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Issuer may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Issuer's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

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

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The Issuer has appointed Phoenix Advisors, LLC, as the initial Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default on the Notes, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure

Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

This Disclosure Agreement is executed and delivered by the Issuer as of September __, 2020.

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

By: _____
Jeffrey Elsasser
Chief Financial Officer