

This is a Preliminary Official Statement "deemed final" within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Taxable Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2020

In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, based on certifications of the Township (as hereinafter defined) and assuming continuing compliance with their respective covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds (as hereinafter defined), interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax. Interest on the Taxable Notes is not excludable from gross income of the owners thereof for federal income tax purposes under current law. In the opinion of Bond Counsel, interest on the Bonds and Taxable Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a full discussion.

\$17,003,000*
TOWNSHIP OF MEDFORD
IN THE COUNTY OF BURLINGTON,
NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$12,860,000* General Improvement Bonds
and
\$4,143,000* Water and Sewer Utility Bonds
(Book-Entry-Only) (Callable)

\$3,347,549*
TOWNSHIP OF MEDFORD
IN THE COUNTY OF BURLINGTON,
NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2020
Federally Taxable
Dated: _____
Maturing: _____
Rate of Interest: ____% per annum
Re-offering Yield: ____%

The Township of Medford, County of Burlington, New Jersey ("Township") is issuing: (i) \$17,003,000* aggregate principal amount of its General Obligation Bonds, Series 2020 ("Bonds"); and (ii) \$3,347,549* principal amount of its Taxable Bond Anticipation Notes, Series 2020 ("Taxable Notes"). The Bonds consist of: (i) \$12,860,000* General Improvement Bonds; and (ii) \$4,143,000* aggregate principal amount of Water and Sewer Utility Bonds. The Bonds and Taxable Notes shall be issued in fully registered book-entry-only form without coupons.

The principal of the Bonds shall be paid on the respective May 1 maturity dates upon presentation and surrender of the Bonds at the offices of the Township, Medford, New Jersey, as paying agent ("Paying Agent"). Interest on the Bonds is payable semi-annually on May 1 and November 1 ("Interest Payment Dates"), commencing May 1, 2021 in each year until maturity or earlier redemption thereof. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

The principal of the Taxable Notes shall be paid on the respective maturity dates upon presentation and surrender of the Taxable Notes in the offices of the Township, Medford, New Jersey, as paying agent ("Paying Agent"). Interest on the Taxable Notes will be payable upon the maturity dates thereof. The Taxable Notes are not subject to redemption prior to their stated maturity dates thereof.

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

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2019-07, 2019-08, 2020-14, and 2020-15 ("Bond Ordinances"), duly and finally adopted by the Township and published in accordance with the requirements of the Local Bond Law; (iii) Resolution 147-2020 adopted by the Township on September 1, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on September 22, 2020.

The Taxable Notes are authorized to be issued pursuant to: (i) the Local Bond Law; (ii) bond ordinances 1994-14, 2007-11, 2008-11, 2008-20, 2009-20, 2009-28, 2010-15, 2010-16, and 2010-21 ("Taxable Note Bond Ordinances"), duly and finally adopted by the Township 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 on October 8, 2020.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds and Taxable Notes. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within 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 of an informed investment decision.

The Bonds and Taxable Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Malamut & Associates, LLC, Cherry Hill, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Timothy Prime, Esquire, Solicitor. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Bonds and Taxable Notes. It is anticipated that the Bonds and Taxable Notes in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about October 8, 2020.

* Preliminary, subject to change.

MATURITY SCHEDULE

\$17,003,000*

GENERAL OBLIGATION BONDS, SERIES 2020

Consisting of:

\$12,860,000* General Improvement Bonds and

\$4,143,000* Water and Sewer Utility Bonds

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water and Sewer Utility Bonds</u>	<u>Total Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$620,000	\$178,000	\$798,000	%	%	584309
2022	640,000	180,000	820,000			584309
2023	650,000	185,000	835,000			584309
2024	655,000	185,000	840,000			584309
2025	660,000	190,000	850,000			584309
2026	670,000	190,000	860,000			584309
2027	680,000	195,000	875,000			584309
2028	690,000	195,000	885,000			584309
2029	700,000	200,000	900,000			584309
2030	710,000	205,000	915,000			584309
2031	725,000	205,000	930,000			584309
2032	735,000	210,000	945,000			584309
2033	750,000	215,000	965,000			584309
2034	765,000	215,000	980,000			584309
2035	780,000	220,000	1,000,000			584309
2036	795,000	225,000	1,020,000			584309
2037	810,000	230,000	1,040,000			584309
2038	825,000	235,000	1,060,000			584309
2039		240,000	240,000			584309
2040		245,000	245,000			584309

\$3,347,549* TAXABLE BOND ANTICIPATION NOTES, SERIES 2020

INTEREST RATE: _____% YIELD: _____% CUSIP: 584309_____**

* Preliminary, subject to change.

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

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

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds 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.

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

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

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

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OFFICIAL STATEMENT

\$17,003,000*
TOWNSHIP OF MEDFORD
IN THE COUNTY OF BURLINGTON,
NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2020
Consisting of:
\$12,860,000* General Improvement Bonds
and
\$4,143,000* Water and Sewer Utility Bonds
(Book-Entry-Only) (Callable)

\$3,347,549*
TOWNSHIP OF MEDFORD
IN THE COUNTY OF BURLINGTON,
NEW JERSEY
TAXABLE BOND ANTICIPATION NOTES, SERIES 2020
Dated: _____
Maturing: _____
Rate of Interest: ____% per annum
Re-offering Yield: _____%

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Medford, County of Burlington, New Jersey ("Township") of its \$17,003,000* aggregate principal amount of General Obligation Bonds, Series 2020 ("Bonds") and \$3,347,549* Taxable Bond Anticipation Notes, Series 2020 ("Taxable Notes"). The Bonds consist of: (i) \$12,860,000* General Improvement Bonds; and \$4,143,000* Water and Sewer Utility Bonds.

AUTHORIZATION FOR THE BONDS AND TAXABLE NOTES

Bonds

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2019-07, 2019-08, 2020-14, and 2020-15 (collectively, the "Bond Ordinances"), duly and finally adopted by the Township and published in accordance with the requirements of the Local Bond Law; (iii) Resolution 147-2020 adopted by the Township on September 1, 2020; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on the date hereof.

Taxable Notes

The Taxable Notes are authorized to be issued pursuant to bond ordinances 1994-14, 2007-11, 2008-11, 2008-20, 2009-20, 2009-28, 2010-15, 2010-16, and 2010-21 (collectively, the "Taxable Note Bond Ordinances," and together with the Bond Ordinances"), duly and finally adopted by the Township 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 on the date hereof.

* Preliminary, subject to change.

PURPOSE OF THE ISSUE

Bonds

Proceeds from the sale and issuance of the Bonds will be used by the Township to: (i) currently refund \$7,976,875 of the Township's \$7,976,875 Bond Anticipation Note, dated and issued on October 11, 2019 and maturing on October 9, 2020 (the "2019 Bond Anticipation Note"), (ii) provide \$9,026,125 in new money to finance various capital improvements; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Bonds.

The improvements to be permanently financed with the proceeds of the Bonds include the following:

General Improvement Bonds

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Bonds to be Issued
2019-07	Various Capital Improvements	\$6,253,375	\$6,253,375	\$6,253,000
2020-14	Various Capital Improvements	6,607,127	0	6,607,000
TOTAL		\$12,860,502	\$6,253,375	\$12,860,000

Water and Sewer Utility Bonds

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Bonds to be Issued
2019-08	Utility Improvements/Equipment	\$1,723,500	\$1,723,500	\$1,723,000
2020-15	Utility Improvements/Equipment	2,420,000	0	2,420,000
TOTAL		\$4,143,500	\$1,723,500	\$4,143,000

Taxable Notes

The Taxable Notes are issued pursuant to bond ordinances of the Township set forth below. Proceeds from the sale and issuance of the Taxable Notes will be used by the Township to: (i) refund \$3,347,549 of the 2019 Bond Anticipation Note, proceeds from the sale and issuance of the 2020 Taxable Bond Anticipation Note; and (ii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Taxable Notes.

The improvements to be temporarily financed with the proceeds of the Taxable Notes include the following:

General Improvement Notes

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Taxable Notes to be Issued
2008-11	Acquisition of Real Property – Cow Pointe	\$10,300,000	\$166,362	\$166,362
2009-28	Improvements to Public Safety Facilities and Related Expenses	665,000	464,847	464,847
2010-15	Various Capital Improvements	3,586,411	2,249,542	2,249,542
TOTAL		\$14,551,441	\$2,880,751	\$2,880,751

Water and Sewer Utility Notes

Bond Ordinance	Purpose/ Improvement	Original Amount Authorized	Prior Notes Outstanding	Taxable Notes to be Issued
1998-14	Construction of Various Utility Capital Improvements	\$1,750,000	\$26,275	\$26,275
2007-11	Various Infrastructure Improvements to the Sewage Treatment Plant	2,245,000	167	167
2008-20	Improvements for Phase II of the Sewer Plant Upgrade Project	7,051,172	396	396
2009-20	Various Utility Capital Improvements	1,305,500	500	500
2010-16	Various Utility Capital Improvements	1,050,000	435,000	435,000
2010-21	Various Utility Capital Improvements	3,470,000	4,460	4,460
TOTAL		\$16,871,672	\$466,798	\$466,798

DESCRIPTION OF THE BONDS AND TAXABLE NOTES

General

The Bonds will be issued in the aggregate principal amount of \$17,003,000*. The Taxable Notes will be issued in the principal amount of \$3,347,549.

* Preliminary, subject to change.

The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 1 and November 1 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 1, 2021, in each year until maturity or earlier redemption thereof. Individual purchases of the Bonds may be made in the principal amount 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 principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS--Book-Entry-Only System" below. The Bonds will mature on May 1 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Township, Marlton, New Jersey, as paying agent for the Bonds ("Paying Agent"). Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Paying Agent, as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding an Interest Payment Date (each a "Record Date").

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

Redemption Provisions

Bonds

The Bonds maturing prior to May 1, 2031 are not subject to redemption prior to maturity. The Bonds maturing on or after May 1, 2031 are subject to redemption prior to maturity at the option of the Township, as a whole at any time or in part from time to time on or after May 1, 2030, in such order of maturity as the Township may direct at a redemption price equal to one hundred percent (100%) of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Paying Agent. So long as the Bonds are issued in book-entry-only form, all notices of

redemption will be sent only to DTC or any successor, and will not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant or any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bond or portion thereof to be redeemed shall cease to accrue and be payable.

Taxable Notes

The Taxable Notes are not subject to redemption prior to their stated maturities.

Book-Entry-Only System¹

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

The DTC will act as securities depository for the Bonds and Taxable Notes. The Bonds and Taxable 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered Taxable Note certificate will be issued for the Note, in the aggregate principal amount of the Taxable Note, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5

¹ Source: The Depository Trust Company

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 Bonds and Taxable Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Taxable Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Taxable 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 Bonds and Taxable 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 the Bonds and Taxable Notes, except in the event that use of the book-entry system for the Bonds and Taxable Notes is discontinued.

To facilitate subsequent transfers, all the Bonds and Taxable 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 the Bonds and Taxable 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 Bonds and Taxable Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Taxable 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 Bonds and Taxable 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 Bonds and Taxable 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, the Paying Agent, or its hereafter designated paying agent for the Bonds and Taxable Notes, if any, as soon as possible after the applicable Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Taxable Notes are credited on the applicable Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but neither the Township nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP, NOR THE PAYING AGENT, WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS.

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

Discontinuance of Book-Entry-Only System

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

SECURITY FOR THE BONDS AND TAXABLE NOTES

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

The Township may pledge only its own credit and taxing power in respect of the Bonds and Taxable Notes, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds and Taxable 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 Bonds and Taxable Notes.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

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

Financial

Appendix "B" to this Official Statement contains audited financial statements of the Township for the years ended December 31, 2019, 2018, 2017, 2016 and 2015. Copies of the entire completed Reports of Audit may be obtained upon request to the office of the Township Clerk or EMMA Platform.

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

Local Bond Law

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

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one half percent (3.50%) 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 Township, including the issuance of the Bonds and Taxable Notes, will not exceed its three and one half percent (3.50%) 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.

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

Short-Term Financing – When approved by bond ordinance, the 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 Taxable 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 Taxable 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 Taxable Notes are issued.

Bonds – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding 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.

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.

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

An independent examination of the 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. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. 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 local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The statutory filing deadline of the Annual Compiled Financial Statement for the year ended December 31, 2019 has been extended, by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, to March 2, 2020.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State states, 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 their approval thereof.

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

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the Bonds and Taxable Notes. The Cap Law provides that a local unit shall limit any

increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 *et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

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

Real Estate Taxes

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

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

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

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

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

Deferral of Current Expenses

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

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

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments

received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

Rights and Remedies of Owners of Bonds

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

Limitation of Remedies Under Federal Bankruptcy Code

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

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

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

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

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Township was for the year 2012.

Upon the filing of certified adopted budgets by the Township, the local and regional School Districts, and the County of Burlington ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of

property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

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

TAX MATTERS

In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, assuming continuing compliance by the Township with its respective covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), pertaining to the issuance of the Bonds, and subject to certain provisions of the Code that are described below, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. In the opinion of Bond Counsel to the Township, interest on the Bonds and any gain from the sale thereof are excludable from gross income of the owners thereof under the New Jersey Gross Income Tax Act.

The Code contains a number of provisions that apply to the Bonds, including restrictions relating to the use or investment of the proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being includable in gross income for federal income tax purposes retroactive on the date of issuance of the Bonds. The Township has covenanted in the

Leases to comply with these requirements. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to the changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest thereon.

The Code imposes an alternative minimum tax on individuals and corporations. Interest received with respect to certain types of private activity bonds issued after August 7, 1986 is considered a tax preference subject to the alternative minimum tax. As the Bonds are not private activity bonds, interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Section 265(b) of the Code generally denies to banks, thrift institutions and other financial institutions any deduction for that portion of interest expense incurred or continued to purchase or carry tax-exempt obligations.

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

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

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

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

Original Issue Premium

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

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or

proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Tax Matters – Taxable Notes

In the opinion of Bond Counsel, interest on the Taxable Notes is includable in gross income for federal income tax purposes. The following is a summary of certain United States federal income tax consequences of the ownership of the Taxable Notes as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Taxable Notes generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor.

For example, this summary is addressed only to original purchasers of the Taxable Notes that are "U.S. holders" (as defined below), deals only with the Taxable Notes held as a capital asset within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in the Taxable Notes.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of the Taxable Notes. A "non-U.S. investor" is a holder (or beneficial owner) of the Taxable Notes that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration, and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

Sale or Redemption of the Taxable Notes

A note owner's tax basis for the Taxable Notes is the price such owner pays for the Taxable Notes plus amounts of any original issue discount included in income, reduced on account of any payments received (other than "qualified periodic interest" payments) and any amortized premium. Gain or loss recognized on a sale, exchange or redemption of the Taxable Notes, measured by the difference between the amount realized and the Taxable Notes' basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Notes are held as a capital asset.

Possible Recognition of Taxable Gain or Loss Upon Defeasance of Taxable Notes

Defeasance of any Taxable Notes may result in a deemed exchange under Section 1001 of the Code, in which event the holder of such Taxable Notes will recognize taxable gain or loss in an amount equal to the difference between the amount realized from the deemed exchange (less any accrued qualified stated interest which will be taxable as such) and the holder's adjusted basis in such Taxable Notes.

Backup Withholding

A noteowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest or original issue discount on the Taxable Notes. This withholding generally applies if the owner of the Taxable Notes (a) fails to furnish the Township or its paying agent with its taxpayer identification number; (b) furnishes the Township or its paying agent an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Township or its paying agent with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to note owners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Taxable Notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Taxable Notes will be reported to the note owners and to the Internal Revenue Service (the "IRS").

Foreign Note Owners

Under the Code, interest and original issue discount income with respect to the Taxable Notes held by nonresident alien individuals, foreign corporations or other non-

United States persons (“Nonresidents”) generally will not be subject to the United States withholding tax (or backup withholding) if the Township or the Paying Agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Taxable Notes is a Nonresident. The withholding tax may be reduced or eliminated by an applicable tax treaty, if any. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident note owner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA

The Employees Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an “ERISA Plan”) and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of ERISA Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Notes.

In all events, all investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of Taxable Notes.

State Taxation

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

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

LITIGATION

Upon delivery of the Bonds and Taxable Notes, the Township shall furnish an opinion of its Solicitor, Timothy Prime, Esquire, Mount Laurel, New Jersey, dated the date of delivery of the Bonds and Taxable Notes, to the effect that there is no litigation

of any nature pending, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and Taxable Notes, or in any way contesting or affecting the validity of the Bonds and Taxable 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 Bonds and Taxable Notes. In addition, such opinion shall state that there is no litigation of any nature now pending 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 Bonds and Taxable Notes, which has not been otherwise disclosed in this Official Statement.

RATING

Moody's Investors Service (the "Rating Agency") has assigned the Bonds a rating of "Aa2" (stable outlook).

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds and Taxable Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Bonds and Taxable Notes.

All of the information has been obtained from sources which 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.

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

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 does take responsibility for the compiled financial statements, appearing in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, as underwriter ("Bond Underwriter"), at a purchase price of \$_____ which represents a par amount of \$_____ plus a bid premium of \$_____ pursuant to a Certificate of Determination and Award, dated September __, 2020. The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale prepared in connection with the Bonds. The Bonds are being offered for sale at the yields [or prices] set forth on the inside front cover page of this Official Statement. The Bond Underwriter is obligated to purchase all of the Bonds if any of the Bonds are purchased.

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

The Taxable Notes have been purchased from the Township at a public sale by _____, as underwriter ("Taxable Note Underwriter") at a purchase price of \$_____.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within

their control in any bonds of the Township, including the Bonds and Taxable Notes, and such bonds are authorized security for any and all public deposits.

NO DEFAULT

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Bonds and Taxable Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 ("Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission ("Commission"), the Township will, prior to the issuance of the Bonds and Notes, enter into an agreement substantially in the form set forth in Appendix "D".

The Township failed to timely file certain annual financial information the years ended 2015 through and including 2018. The Township is filing this notice in accordance with the Rule and anticipates that subsequent annual financial information will be filed in a timely manner. As of this date, all financial information has been filed.

LEGAL MATTERS

The legality of the Bonds and Taxable Notes will be subject to the approving legal opinions of Malamut & Associate, LLC, Cherry Hill, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and Taxable Notes and provide, *inter alia*, that the Bonds and Taxable Notes are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Bonds and Taxable Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and Taxable Notes may be limited by bankruptcy, insolvency, or other law affecting

creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by Timothy Prime, Esquire, Solicitor.

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds and Taxable 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.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Robin Sarlo, Chief Financial Officer, Township of Medford, 17 N. Main Street, Medford, New Jersey, (609) 654-2608 x 337.

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 Bonds and Taxable 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.

TOWNSHIP OF MEDFORD, NEW JERSEY

By: _____
ROBIN SARLO, Chief Financial Officer

Dated: September __, 2020

APPENDIX A
CERTAIN INFORMATION REGARDING THE TOWNSHIP

GENERAL INFORMATION ON THE TOWNSHIP

History, Location and Area

The Township is a 42 square mile municipality located in southern Burlington County ("County") approximately 18 miles east of Philadelphia, 35 miles west of the Atlantic Ocean and located at the edge of the Pine Barrens.

In January, 1980, following the adoption, by referendum, of a Charter Study recommendation, the Township switched to Council-Manager Plan E of the optional Municipal Charter Law of the State. The new Township Council embarked on the task of organization and with the help of the Township Manager established three (3) major goals: (i) the creation of a governmental environment which will encourage broad citizen participation, attract competent personnel and produce a policy which is goal and result oriented; (ii) place a focus on the downtown village with planning decisions and physical improvements aimed at providing a diversification of uses which attract people and help recover some of the economic vitality and historical significance; and (iii) the improvement of a service delivery system through modernization of facilities and equipment, restructuring of the organization and the use of modern methods and techniques aimed at maximizing productivity and minimizing cost and improving personalized service to the citizens.

In the years that have followed, these goals have been the backbone of decision making which has improved the Township's financial position, developed a comprehensive planning document consistent with State and regional objectives and opened the channels of communication with the citizens of the community and business and government leaders at all levels.

Of particular significance is the development of the unified utility system which places the Township in a position to: (i) provide the infrastructure required to serve the current population and to attract the expected growth predicted for the Township; (ii) provide the existing users with quality service; and (iii) provide a more stabilized rate structure.

Continuing improvements have been made to both the water and sewer systems, including a modern tertiary level sewerage treatment facility completed in 1986, major water transmission line interconnections finished in 1992 and construction of three elevated water storage tanks in 1974, 1989 and 1998.

The Township is a community which will continue to build on its strong foundation by implementing its Master Plan which reflects the Pineland Regional Commission's goals of continued controlled growth.

Form of Government

The Township is governed by a Township Council composed of five members, all of whom are elected at large. The Township employs a Township Manager who has the responsibility of operating the Township government efficiently under the guidelines and provisions of the Township Council and the Township Administrative Code.

The general administration of the Township business, tax assessment and collection, zoning and planning, elections and court is provided, utilizing a full time staff of approximately 92 persons.

Planning and Development

The Township Master Plan provides for a well-planned development of the remaining vacant land within the Township. The Master Plan was adopted on September 25, 1990 and re-examined and updated in 1996, 2002, 2008, 2012 and 2017.

The Township presently has 8,441 residential units including farm properties. The Township's real estate values have stabilized or declined in recent years.

Public Services

The Township has a 36-person police force and 48 police vehicles. A 24-hour police dispatching network through Burlington County Central Communication, located in Westampton, N.J. and numerous school traffic guards contribute to the safety of the Township. The Township is also protected by five full time firefighters, as well as, by two volunteer fire companies. Emergency medical services have paid daytime coverage to augment the volunteers.

Improvements and maintenance of the Township streets and equipment utilizes a 15 person Public Works Department. Once-a-week garbage and trash collection and Fall only leaf collection, which is every day for two months during the Fall, financed through Township tax dollars is also provided.

Public Service Electric and Gas Company, Conectiv Energy and South Jersey Gas Company provide electric and gas to the Township. Water service for approximately 5,080 customers and sewer service for approximately 5,283 customers is provided by the Township.

Over 488 acres of parks and playgrounds are maintained with 801 acres preserved as natural woodland parks and 438 acres under Farmland Preservation. A supervised summer recreation program for over 500 children is run each year.

Library

The Township is part of the County library system. While the Township owns the building the library operates in, the staff of the library is under the County's system.

Health Care Facilities

Two retirement and long term health care facilities are located in the Township; Medford Convalescent and Nursing Center and Medford Leas. The Medford Medical Building is a public health care center, located in the Township, which houses doctors practicing various specialized medicine. In addition, Virtua-Memorial Hospital Burlington County is located within 10 miles of the Township.

Transportation

The Township is intersected by State Highway Route 70; Route 70 intersects State Highway Route 73. Both Routes 70 and 73 allow access to Interstate Highway Route 295 for travel to Philadelphia. Also accessible from Route 73 is the New Jersey Turnpike for travel north to New York or south to Delaware. Public transportation in the Township is provided by New Jersey Transit bus lines.

Compensated Absences

The Township does not have a policy for compensating all employees for unused sick, vacation or personal leave days upon retirement. However, policies negotiated in the union contracts of the public works, utility, fire and police departments exist. Per the Township handbook non-aligned employees will be compensated in the same manner as employees in the public works union.

In accordance with all union negotiated contracts of the Township employees are entitled to be paid for vacation and comp time upon termination at their current hourly rates.

Additionally, in accordance with the Township's Officer's Association, up to 45 days of accumulated sick time will be compensated at current hourly rates upon termination, and in accordance with Township's Police Superior Officers Association contract, sick time will be compensated upon termination as follows:

- Hours 1 -1,040 – 55% of the Officer's Hourly Rate
- Hours 1,041 – 1,500 50% of the Officer's Hourly Rate
- Hours 1,501+ 45% of the Officer's Hourly Rate

The Township does not record accrued expenses related to compensated absences. The Township has established a compensated absences trust fund to set aside funds for future payments of compensated

absences. For additional information regarding compensated absences, see Appendix B: Audited Financial Statements of the Township, Note 1F.

Pension Plans

The Township, on behalf of most of its employees, is enrolled in the New Jersey Public Employees Retirement System, a pension actuarial system administered by the Division of Pensions within the Treasury Department of the State. The members of the Police Department and Fire Department, however, are enrolled in the Police and Firemen's Retirement System. For additional information regarding pension plans, see Appendix B: Audited Financial Statements of the Township, Note 8.

Township Employees

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time	90	85	83	79	80
Part-time	<u>24</u>	<u>27</u>	<u>32</u>	<u>29</u>	<u>21</u>
	<u>114</u>	<u>112</u>	<u>115</u>	<u>108</u>	<u>101</u>

Employee Collective Bargaining Units

There are 10 Township employees represented by the Medford Township Superior Officers Association which includes police superior officers. The agreement with the Superior Officers Association expires December 31, 2020. The Medford Police Officers Association is represented by 26 police officers. The agreement with the Police Officers Association expires on December 31, 2020. The Burlington County Professional Firefighters Association, a member of the International Association of Firefighters Local 4091 represents 5 Township employees. The agreement with the International Association of Firefighters Local 4091 is a four year agreement, which expires on December 31, 2021. There is also a public works department Public Utilities union of 19 members affiliated with the UAW – International Union, United Automobile, Aerospace Agricultural Implement Workers of America which expires December 31, 2021.

Township Population(1)

2010 Federal Census	23,033
2000 Federal Census	22,253
1990 Federal Census	20,526
1980 Federal Census	17,471
1970 Federal Census	8,292

Selected Census 2017 Data on the Township(1)

Median Household Income	\$113,469
Median Family Income	\$128,990
Per Capita Income	\$53,434

Business and Industry

There are several shopping centers throughout the Township, including Medford Plaza, Medford Center, Sharps Run Plaza, Taunton Forge and Ironstone Village, as well as, numerous smaller strip centers.

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

Building Permits (1)

The Township records of building permits issued by the Township Construction Code Officer illustrate the following growth patterns within the Township for the years 2015 through 2020.

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2020	721	23,689,012 (2)
2019	1,244	26,147,518
2018	1,249	29,187,713
2017	1,522	40,016,204
2016	1,444	31,964,258
2015	1,241	31,333,300

Labor Force(3)

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

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>
Township				
2019	12,292	11,984	308	2.5%
2018	12,080	11,734	346	2.9
2017	12,226	11,835	391	3.2
2016	12,180	11,759	421	3.5
2015	12,100	11,601	499	4.1
County				
2019	230,589	223,049	7,540	3.3%
2018	227,445	218,877	8,568	3.8
2017	230,174	220,764	9,410	4.1
2016	230,271	219,995	10,276	4.5
2015	230,059	217,756	12,303	5.3
State				
2019	4,493,100	4,333,300	159,800	3.6%
2018	4,422,900	4,239,600	183,400	4.1
2017	4,453,500	4,247,500	206,000	4.6
2016	4,474,700	4,252,100	222,600	5.0
2015	4,545,083	4,291,650	253,417	5.6

(1) Source: Township Construction Office

(2) As of September 1, 2020

(3) Source: New Jersey Department of Labor

TEN LARGEST NON-GOVERNMENTAL EMPLOYERS(1)

The following table outlines the largest private employers in the Township.

<u>Company</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
The Estaugh	Retirement/Medical Community	390
Shop Rite	Food Retail	230
Medford Convalescent/Nursing Home	Health Care	180
Acme Markets	Food Retail	180
McDonald's Corporation	Food Retail	90
Murphy's Market	Food Retail	80
Jantek Industries	Home Product Retail	75
J&S Precision Products	Tool Manufacturing	70
MTG	Auto Parts/Van Conversion Distributors	42
Medford Ford	Auto Sales and Service	34

EDUCATION(2)

Primary and Secondary Education

The Township of Medford School District ("School District") functions independently through a nine-member board, elected by the citizens in alternate three-year terms. There are presently seven schools for grades kindergarten through eight. In addition to its public schools, the Township has one parochial elementary school, and the Burlington County Institute of Technology High School. The School District issued \$37,926,000 in School Bonds in 2002 for the construction of two new schools and other capital improvements.

Township high school students attend the Lenape Regional High School District ("Regional School District") which presently operates four high schools for grades 9 through 12. The Regional School District comprises the Townships of Medford, Evesham, Mount Laurel, Southampton, Shamong, Tabernacle and Woodland and the Borough of Medford Lakes.

The Regional School District functions through a ten member board, elected by the citizens in alternate three-year terms.

Taxes for the support of the Regional School District, as approved by the voters in the Regional School District, are levied on the valuations in the eight municipalities as equalized by the County.

(1) Source: Township officials

(2) Source: School District officials

**TOWNSHIP OF MEDFORD 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>
Pre-School		29	34	26	27
K		237	247	222	221
1		240	230	238	226
2		223	239	220	248
3		230	220	255	228
4		207	251	230	241
5		255	216	245	264
6		222	249	272	290
7		263	279	299	295
8		283	306	305	277
Special Education		<u>470</u>	<u>440</u>	<u>426</u>	<u>398</u>
Totals		<u>2,659</u>	<u>2,711</u>	<u>2,738</u>	<u>2,715</u>

PRESENT SCHOOL FACILITIES, ENROLLMENT AND CAPACITY(1)

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment Oct. 15, 2019*</u>	<u>Functional Capacity</u>
Cranberry Pines	1979	1996	K-5		511
Maurice & Everett Haines 6 th Grade Center	1960	1985	Grade 6		522
Milton H. Allen	1922	1954, 1985	K-5		555
Taunton Forge	1977	1996	K-5		500
Medford Twp. Memorial	1968	1985, 1996	7-8		1,018
Chairville School	2004	---	K-5		500
Kirby's Mill School	2004	---	K-5		<u>500</u>
					<u>4,106</u>

**LENAPE REGIONAL HIGH SCHOOL DISTRICT
ENROLLMENTS(2)(3)**

	<u>2019</u>	<u>2018</u>	<u>October 15, 2017</u>	<u>2016</u>	<u>2015</u>
Totals	<u>6,804</u>	<u>6,878</u>	<u>6,849</u>	<u>6,888</u>	<u>6,880</u>

* Not Available

- (1) Source: School District officials
- (2) Source: Regional District officials
- (3) Township students only

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 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)

The following table outlines the assessed value of the ten (10) largest commercial properties within the Township.

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2020 Assessed Valuation</u>
The Estaugh T/A Medford Leas	Continuing Care Facility	\$ 26,441,000
Medford Associates, L.P.	Apartments	16,927,900
Sharp Run, LLC	Retail Shopping Center	15,344,900
New Albany Partners	Apartments	11,322,000
Depetris Family, LLC	Retail Shopping Center	10,369,200
Medford Supermarket Properties	Supermarket	9,401,500
Medford Convalescent & Nursing	Continuing Care Facility	8,010,600
Medford Center Associates	Retail Shopping Center	7,200,000
Medford Investor Assoc GB LTD	Retail Shopping Center	8,653,400
Verizon - New Jersey	Telecommunications	5,725,601

(1) Source: Township Tax Assessor

CURRENT TAX COLLECTIONS (1)

<u>Year</u>	<u>Total Levy</u>	<u>Outstanding Dec. 31</u>		<u>Collected in Year of Levy</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	\$ 96,730,415	\$ 947,559	0.98%	\$ 95,665,417	98.90%
2018	95,098,773	705,037	0.74%	94,291,578	99.15%
2017	94,028,113	784,700	0.83%	93,126,658	99.04%
2016	93,069,111	952,249	1.02%	92,054,528	98.91%
2015	91,626,530	898,256	0.98%	90,516,057	98.79%

DELINQUENT TAXES (1)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
	<u>Jan. 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2019	\$ 741,611	\$ 1,750	\$ 704,439	94.76%	\$ 438	\$ -	\$ 38,485
2018	825,592	1,020	774,057	93.64%	11,151	4,829	36,575
2017	1,001,198	2,028	954,841	95.18%	5,390	2,102	40,893
2016	898,511	68,945	891,493	92.15%	8,346	18,668	48,949
2015	1,021,763	3,250	981,065	95.71%	2,466	41,227	255

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by</u>		<u>Cancellations/ Foreclosures</u>	<u>Balance Dec. 31</u>
		<u>Sales and Transfers</u>	<u>Collected</u>		
2019	\$ 109,853	\$ 12,616	\$ 13,234	-	\$ 109,235
2018	95,091	53,935	39,173	-	109,853
2017	82,621	22,962	10,492	-	95,091
2016	275,481	30,596	3,364	\$ 220,092	82,621 (3)
2015	441,535	66,882	24,735	208,201	275,481

FORECLOSED PROPERTY(1)(2)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added By Transfer</u>	<u>Adjustment to Assessed Valuation</u>	<u>Sale of Foreclosed Property</u>	<u>Balance Dec. 31</u>
2018	1,071,200	-	-	-	1,071,200
2017	1,071,200	-	-	-	1,071,200
2016	962,500	\$ 220,092	111,392	-	1,071,200 (3)
2015	371,400	208,201	382,899	-	962,500

(1) Source: Township Reports of Audits.

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

(3) As Restated

CURRENT WATER AND SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning</u>		<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
	<u>Balance</u>	<u>Total Levy</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2019	\$ 191,579	\$ 6,240,460	\$ 6,196,394	96.34%	\$ 235,646	3.66%
2018	190,542	6,492,046	6,491,009	97.13%	191,579	2.87%
2017	214,036	6,042,468	6,062,704	96.90%	190,542	3.05%
2016	198,754	6,493,484	6,473,180	96.73%	214,036	3.20%
2015	226,610	5,819,922	5,847,778	96.71%	198,754	3.29%

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (2)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Rate</u>	<u>Tax Rate (3)</u>				
			<u>Regional</u>			<u>Municipal</u>	
			<u>County</u>	<u>High School</u>	<u>Local School</u>	<u>Municipal</u>	<u>Open Space</u>
2020	\$ 3,046,487,501	\$ 3.212	\$ 0.442	\$ 0.772	\$ 1.569	\$ 0.405	\$ 0.024
2019	3,038,010,579	3.171	0.441	0.761	1.539	0.406	0.024
2018	3,027,058,244	3.125	0.442	0.742	1.511	0.406	0.024
2017	3,008,189,389	3.102	0.446	0.738	1.488	0.406	0.024
2016	2,985,099,633	3.092	0.447	0.740	1.465	0.410	0.030

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita (5)</u>
	2020	\$ 3,040,761,900	89.56%	\$ 3,395,223,202
2019	3,032,114,100	90.75%	3,341,172,562	145,060
2018	3,021,466,600	90.82%	3,326,873,596	144,439
2017	3,002,686,300	91.10%	3,296,033,260	143,100
2016	2,979,649,200	91.11%	3,270,386,566	141,987

(1) Source: Township Reports of Audits.

(2) Source: Township Tax Collector

(3) Per \$100 of assessed valuation

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

(5) Based on 2010 Census of 23,033

REAL PROPERTY CLASSIFICATION(1)

Year	Assessed Value of Land and						
	Improvements	Vacant Land	Residential	Commercial	Industrial	Apartments	Farmland
2020	\$ 3,040,761,900	\$ 16,868,100	\$ 2,675,055,000	\$ 247,922,900	\$ 12,772,700	\$ 54,658,000	\$ 33,485,200
2019	3,032,114,100	18,157,900	2,660,960,100	249,062,300	13,323,100	54,658,000	35,952,700
2018	3,021,466,600	19,058,600	2,645,137,300	249,161,500	16,099,700	55,530,100	36,479,400
2017	3,002,686,300	18,152,400	2,628,474,600	249,120,600	16,368,800	52,814,900	37,755,000
2016	2,979,649,200	20,976,500	2,603,839,000	249,910,900	16,368,800	49,704,300	38,849,700

TOWNSHIP OF MEDFORD STATEMENT OF INDEBTEDNESS (2) (3)

The following table summarizes the direct debt of the Township of Medford in accordance with the requirements of the Local Bond Law of the State (N.J.S.A. 40A:2-2 et seq.). The gross debt is comprised of short and long-term debt issued, and debt authorized but not issued, including General, Water and Sewer Utility, and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include deductible school debt, reserve for payment of debt, as well as debt considered to be self-liquidating. The resulting net debt of \$33,129,169 represents .99% of the average of equalized valuations for the Township for the last three years, of \$3,340,400,703 within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued			Debt Auth. But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds	Loans	Notes			School Debt	Reserve for Payment of Debt	Self- Liquidating	
General	\$ 24,350,000		\$ 9,134,126	\$ 2	\$ 33,484,128		\$ 354,959		\$ 33,129,169
School - Local	13,595,000				13,595,000	\$ 13,595,000			
School - Regional	8,272,490				8,272,490	8,272,490			
Water - Sewer Utility	8,087,000	\$ 11,549,702	2,190,298		21,827,000			\$ 21,827,000	
	<u>\$ 54,304,490</u>	<u>\$ 11,549,702</u>	<u>\$ 11,324,424</u>	<u>\$ 2</u>	<u>\$ 77,178,618</u>	<u>\$ 21,867,490</u>	<u>\$ 354,959</u>	<u>\$ 21,827,000</u>	<u>\$ 33,129,169</u>

(1) Source: Township Tax Assessor

(2) As of December 31, 2019

(3) Source: Township Auditor

DEBT RATIOS AND VALUATIONS(1)

Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	\$ 3,340,400,703
Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	0.99%
2020 Net Valuation Taxable	\$ 3,046,487,501
2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 3,400,948,803
Gross Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	2.53%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.27%
Net Debt (2)	
As a Percentage of 2020 Net Valuation Taxable	1.09%
As a Percentage of 2020 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	0.97%
Gross Debt per Capita(3)	\$ 3,351
Net Debt per Capita(3)	\$ 1,438

TOWNSHIP BORROWING CAPACITY(1)

3.5% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$3,340,400,703)	\$ 116,914,025
Net Debt	<u>(33,129,169)</u>
Remaining Borrowing Capacity	<u><u>\$ 83,784,856</u></u>

(1) As of December 31, 2019
(2) Excluding overlapping debt
(3) Based on 2010 population of 23,033

LOCAL SCHOOL BORROWING CAPACITY(1)

3% of Average (2017-19) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$3,340,400,703)	\$ 100,212,021
Local School Debt	<u>(13,595,000)</u>
Remaining Borrowing Capacity	<u>\$ 86,617,021</u>

REGIONAL HIGH SCHOOL DISTRICT(1)

3% of Averaged (2017-19) Equalized Valuation of Real Property Including Improvements (\$18,463,584,969)	\$ 553,907,549
Regional High School Debt(2)	<u>(45,725,000)</u>
Remaining Borrowing Capacity	<u>\$ 508,182,549</u>

(1) As of December 31, 2019

(2) Debt portion allocated to the Township is \$8,272,490

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

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	
County of Burlington:					
General:					
Bonds	\$ 195,644,000	\$ 20,051,390 (1)	\$ 175,592,610	\$ 12,227,953 (2)	
Notes	23,000,000		23,000,000	1,601,679 (2)	\$ 15,863,827
Loans	6,854,573		6,854,573	477,340 (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>\$ 14,306,972</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 6.96% .
(3) Deductible in accordance with N.J.S. 40:37A-80.

**TOWNSHIP OF MEDFORD
SCHEDULE OF TOWNSHIP DEBT SERVICE (1)
(BONDS AND LOANS ONLY)**

Existing Debt							
Year	General Debt			Water & Sewer Debt			Grand Total
	Interest	Principal	Total	Interest	Principal	Total	
2020	\$ 914,319	\$ 1,920,000	\$ 2,834,319	\$ 541,890	\$ 2,197,376	\$ 2,739,266	\$ 5,573,585
2021	855,619	1,570,000	2,425,619	517,298	2,072,874	2,590,172	5,015,791
2022	802,819	1,645,000	2,447,819	461,408	2,089,378	2,550,786	4,998,605
2023	747,319	1,735,000	2,482,319	404,645	1,927,614	2,332,259	4,814,578
2024	686,269	1,820,000	2,506,269	348,350	2,018,988	2,367,338	4,873,607
2025	619,106	1,880,000	2,499,106	287,445	2,053,518	2,340,963	4,840,069
2026	553,919	1,485,000	2,038,919	222,036	1,813,594	2,035,630	4,074,549
2027	491,344	1,545,000	2,036,344	165,650	1,749,599	1,915,249	3,951,593
2028	425,994	1,615,000	2,040,994	109,538	1,637,256	1,746,794	3,787,788
2029	357,544	1,685,000	2,042,544	55,437	837,051	892,488	2,935,032
2030	296,344	1,745,000	2,041,344	33,713	514,453	548,166	2,589,510
2031	222,119	1,820,000	2,042,119	19,512	170,000	189,512	2,231,631
2032	144,272	1,900,000	2,044,272	14,363	170,000	184,363	2,228,635
2033	61,825	1,985,000	2,046,825	9,031	175,000	184,031	2,230,856
2034				4,800	100,000	104,800	104,800
2035				1,650	110,000	111,650	111,650
	<u>\$ 7,178,812</u>	<u>\$ 24,350,000</u>	<u>\$ 31,528,812</u>	<u>\$ 3,196,764</u>	<u>\$ 19,636,702</u>	<u>\$ 22,833,465</u>	<u>\$ 54,362,277</u>

(1) As of December 31, 2019
Source: Township Debt Schedules

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

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 2,385,000
Miscellaneous Revenues:	
Local Revenues	1,772,278
State Aid without Offsetting Appropriations	1,991,135
Dedicated Uniform Construction Code Fees	601,900
Shared Service Agreements	691,242
Public and Private Programs Offset with Appropriations	334,914
Other Special Items of Revenue	244,139
Receipts from Delinquent Taxes	763,600
Amount to be Raised by Taxation for Municipal Purposes	12,368,041
Total Appropriated Revenues	\$ 21,152,249

Appropriations:	
Within CAPS:	
Operations	\$ 13,986,594
Deferred Charges and Statutory Expenditures	1,881,781
Excluded from CAPS:	
Other Operations	101,000
Shared Service Agreements	691,242
Public and Private Programs	93,664
Capital Improvements	1,028,000
Debt Service	2,388,821
Reserve for Uncollected Taxes	981,147
Total Appropriations	\$ 21,152,249

WATER AND SEWER UTILITY FUND

Anticipated Revenues:	
Surplus Anticipated	\$ 269,089
Rents	6,190,000
Miscellaneous	537,000
Total Anticipated Revenues	\$ 6,996,089
Appropriations:	
Operating	\$ 4,010,409
Capital Improvements	78,500
Debt Service	2,695,812
Pension, Social Security, Unemployment Compensation	211,368
Total Appropriations	\$ 6,996,089

(1) 2020 Adopted Budget.

**TOWNSHIP OF MEDFORD
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</u>	
				<u>General</u>	<u>Self Liquidating</u>
General Improvements:					
Purchase of Computer Equipment for Mun Offices	\$ 45,000	\$ 2,250		\$ 42,750	
Purchase of Court Security Systems & Equipment	10,000	500		9,500	
Purchase Vehicle - Admin/Construction Department	60,000	3,000		57,000	
Purchase of Police Communications/Gen Equipment	295,000	14,750		280,250	
Purchase of Public Safety Vehicles & Equipment	685,000	34,250		650,750	
Purchase of Public Safety Fire Equipment	245,000	12,250		232,750	
Acquisition of Fire Vehicles/Apparatus	1,225,000	61,250		1,163,750	
Acquisition of Emergency Response Vehicle	450,000	22,500		427,500	
Purchase of Public Safety EMS Equipment	30,000	1,500		28,500	
Purchase of Uniform Fire Vehicles & Equipment	132,871	6,644		126,227	
Improvements to Municipal Buildings	4,082,000	204,100		3,877,900	
Road and Bikeway Improvement Program	12,000,000	600,000		11,400,000	
Purchase of Public Works Vehicles & Equipment	1,135,000	56,750		1,078,250	
Parks and Recreational Improvements	1,340,000	67,000		1,273,000	
Total General Improvements	21,734,871	1,086,744	-	20,648,127	
Water and Sewer Utility Improvements:					
Imp to Water Distribution and Storage System	\$ 4,195,000				\$ 4,195,000
Imp to Wastewater Treatment Plant	1,500,000				1,500,000
Imp to Wastewater Collection System	1,550,000				1,550,000
Utility Road Improvement Program	600,000				600,000
Imp to Water & Wastewater Telemetry & Controls	775,000				775,000
Improvements to Water Treatment/Wells	3,800,000				3,800,000
Total Water and Sewer Utility Improvements	12,420,000	-			12,420,000
Totals--All Projects	\$ 34,154,871	\$ 1,086,744	\$ -	\$ 20,648,127	\$ 12,420,000

(1) 2020 Adopted Budget

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
OF THE TOWNSHIP OF MEDFORD
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Council
Township of Medford
Medford, New Jersey 08055

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 Medford, in the County of Burlington, State of New Jersey, as of December 31, 2019, 2018 and 2017, 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.

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 Medford, in the County of Burlington, State of New Jersey, as of December 31, 2019, 2018 and 2017, 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 Medford, in the County of Burlington, State of New Jersey, as of December 31, 2019, 2018 and 2017, 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

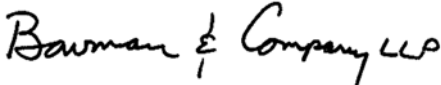
Prior Period Restatement

As discussed in note 24 to the financial statements, during the year ended December 31, 2019, the Township restated its General Fixed Assets Group of Accounts due to adjustments required from a physical inventory being completed, as well as a change in their capitalization threshold. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the Township of Medford, in the County of Burlington, State of New Jersey, as of and for the years ended December 31, 2016 and 2015 were audited by other auditors whose most recent report (December 31, 2016) dated May 16, 2017, expressed an adverse opinion under accounting principles generally accepted in the United States of America and an unmodified opinion under the regulatory basis of accounting.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
August 10, 2020

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016(1)</u>	<u>2015</u>
ASSETS					
Cash and Investments	\$ 13,676,954	\$ 12,715,876	\$ 19,032,877	\$ 11,888,250	\$ 10,025,935
Federal and State Grants Receivable	381,475	600,513	893,082	929,441	643,937
Receivables and other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	986,044	741,611	825,592	1,001,198	898,511
Tax Title Liens Receivable	109,235	109,853	95,091	82,621	275,481
Property Acquired for Taxes-- Assessed Valuation	902,400	1,071,200	1,071,200	1,071,200	962,500
Revenue Accounts Receivable	13,242	17,988	18,652	10,374	14,419
Deferred Charges		96,000		36,856	534,949
Prepaid County Taxes					
Interfunds Receivable	9,799	14,417	8,808	180,163	1,583,313
	<u>\$ 16,079,150</u>	<u>\$ 15,367,458</u>	<u>\$ 21,945,302</u>	<u>\$ 15,200,103</u>	<u>\$ 14,939,045</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$ 951,014	\$ 621,368	\$ 1,079,058	\$ 943,081	\$ 1,033,648
Accounts Payable	33,481	65,412	43,808	39,565	28,478
Due State of New Jersey	109,485	112,909	112,395	106,917	104,918
Reserve for Encumbrances	739,580	858,632	1,006,048	1,137,728	1,400,047
Interfunds Payable	9,248	81,156	12,888	474,705	287,982
County Taxes Payable	58,278	68,887	99,235	111,137	148,338
Local District School Taxes Payable	3,812,426	3,310,771	2,807,967	2,298,146	1,990,063
Regional High School Taxes Payable	3,034,194	2,723,793	2,573,170	2,519,051	2,192,494
Prepaid Taxes	724,965	805,822	6,940,724	602,947	624,435
Tax Overpayments		10,308	35,186	66,682	22,028
Special Emergency - Note Payable				140,000	280,000
Other Liabilities and Special Funds		61,876	57,581	157,189	216,757
Reserve for Receivables and Other Assets	2,011,473	1,955,069	2,012,105	2,345,555	3,682,974
Reserve for Federal and State Grants	645,739	743,899	909,764	649,712	661,108
Fund Balance	3,949,266	3,947,556	4,255,373	3,607,688	2,265,775
	<u>\$ 16,079,149</u>	<u>\$ 15,367,458</u>	<u>\$ 21,945,302</u>	<u>\$ 15,200,103</u>	<u>\$ 14,939,045</u>

(1) Restated

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF MEDFORD
CURRENT FUND**

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

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016(1)</u>	<u>2015</u>
Revenue Realized:					
Current Tax Collections	\$ 95,665,417	\$ 94,291,578	\$ 93,126,658	\$ 92,054,528	\$ 90,516,057
Delinquent Tax and Tax Title Liens	717,672	813,231	965,333	892,357	1,002,549
Total Taxes	96,383,089	95,104,809	94,091,991	92,946,885	91,518,606
Miscellaneous Revenues Anticipated	6,219,910	5,848,344	6,425,082	6,654,501	6,380,429
Other Income	1,264,363	1,256,202	1,502,744	2,001,444	775,589
Fund Balance Utilized	2,385,000	2,498,500	1,944,000	1,017,604	1,169,582
Total Income	106,252,362	104,707,855	103,963,817	102,620,434	99,844,206
Expenditures and Encumbrances:					
Operating	14,966,427	14,853,005	14,775,261	14,191,939	14,739,361
Capital Improvements	329,125	534,055	169,000	217,432	
Debt Service	2,687,418	3,241,264	3,651,454	3,665,858	3,777,605
Deferred Charges	96,000			534,949	160,000
Pension, Social Security and Unemployment Compensation	1,780,308	1,612,908	1,507,400	1,485,205	1,412,912
County Taxes	13,387,561	13,388,389	13,501,413	13,420,969	13,038,754
Municipal Open Space Trust Fund Tax	732,137	730,233	751,925	903,007	902,354
Local District School Tax	46,754,849	45,751,539	44,745,931	43,726,288	43,110,124
Regional High School Tax	23,102,345	22,481,543	22,180,297	22,072,060	21,418,946
Creation of Reserve for Interfunds and Other Assets	29,482	20,236	89,451	43,210	704,056
Total Expenditures and Encumbrances	103,865,652	102,613,172	101,372,132	100,260,917	99,264,112
Excess in Revenues	2,386,711	2,094,683	2,591,685	2,359,517	580,094
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year		96,000			414,949
Statutory Excess to Fund Balance	2,386,711	2,190,683	2,591,685	2,359,517	995,043
Fund Balance Beginning of Year	3,947,556	4,255,373	3,607,688	2,265,775	2,440,314
	6,334,266	6,446,056	6,199,373	4,625,292	3,435,357
Decreased by:					
Utilized as Revenue	2,385,000	2,498,500	1,944,000	1,017,604	1,169,582
Fund Balance Ending of Year	\$ 3,949,266	\$ 3,947,556	\$ 4,255,373	\$ 3,607,688	\$ 2,265,775

(1) Restated

The accompanying Notes to Financial Statements are an integral part of these statements.

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

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS					
Cash	\$ 14,773,820	\$ 11,953,308	\$ 2,107,694	\$ 2,120,334	\$ 1,515,716
Accounts Receivable--Other	737,147	787,147	550,147	222,147	263,147
Interfunds Receivable		63,000	33,750		
Deferred Charges to Future Taxation:					
Funded	24,350,000	26,400,065	15,982,864	19,317,217	22,831,382
Unfunded	9,134,126	3,200,837	8,901,586	5,926,852	3,309,838
	<u>\$ 48,995,093</u>	<u>\$ 42,404,357</u>	<u>\$ 27,576,041</u>	<u>\$ 27,586,550</u>	<u>\$ 27,920,083</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Serial Bonds	\$ 24,350,000	\$ 26,368,600	\$ 15,889,400	\$ 19,102,400	\$ 22,497,600
Bond Anticipation Notes	9,134,126	3,200,837	5,821,742	2,657,150	
Loans Payable		31,465	93,464	214,817	333,782
Improvement Authorizations:					
Funded	1,905,829	9,989,646	783,961	1,360,814	2,257,920
Unfunded	3,859,673	123,833	2,700,041	2,747,887	450,564
Reserve for Encumbrances	8,933,616	1,927,965	1,491,144	858,425	1,094,248
Capital Improvement Fund	70,024	70,024	70,024	77,582	
Reserve for Payment of Debt Service	354,960	354,960	153,966	140,968	
Interfunds Payable					850,727
Other Liabilities and Special Funds	222,147	222,147	222,147	222,147	205,000
Fund Balance	164,718	114,880	350,152	204,360	230,242
	<u>\$ 48,995,093</u>	<u>\$ 42,404,357</u>	<u>\$ 27,576,041</u>	<u>\$ 27,586,550</u>	<u>\$ 27,920,083</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF MEDFORD
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves
and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016 (1)</u>	<u>2015</u>
ASSETS					
Operating Fund:					
Cash and Investments	\$ 2,220,964	\$ 2,924,050	\$ 2,812,646	\$ 5,819,429	\$ 4,571,693
Interfund Receivables			585,392	229,199	462,847
Deferred Charges			19,767		
Receivables with Full Reserves:					
Insurance Claims	9,922	33,218	12,232	11,077	11,077
Water and Sewer Rents Receivable	238,904	194,837	193,800	214,036	198,754
Total Operating Fund	2,469,791	3,152,105	3,623,837	6,273,741	5,244,371
Assessment Trust Fund:					
Cash			666	666	666
Total Assessment Trust Fund			666	666	666
Sewer Connection Trust Fund:					
Cash			195,453	210,453	610,951
Interfund Receivable					
Total Sewer Connection Trust Fund			195,453	210,453	610,951
Capital Fund:					
Cash	6,430,102	4,548,555	3,415,867	1,401,706	2,220,005
Interfund Receivables				1,571,485	
Fixed Capital	68,234,286	68,213,487	29,354,913	29,234,879	29,185,937
Fixed Capital Authorized and Uncompleted	17,574,906	15,851,406	52,485,257	49,465,457	49,465,457
Total Capital Fund	92,239,294	88,613,448	85,256,037	81,673,527	80,871,399
	\$ 94,709,085	\$ 91,765,553	\$ 89,075,993	\$ 88,158,387	\$ 86,727,387

TOWNSHIP OF MEDFORD
WATER AND SEWER UTILITY FUND
Statements of Assets, Liabilities, Reserves
and Fund Balance--Regulatory Basis

	As of December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016(1)</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Reserve for Encumbrances	\$ 430,746	\$ 279,254	\$ 291,580	\$ 358,087	\$ 377,805
Appropriation Reserves	247,300	318,209	317,226	96,845	232,123
Prepaid Rents	624,893	719,873	818,038	587,459	609,291
Accounts Payable	87,557	70,775	22,412	17,172	7,503
Overpayments	16,071	4,163	4,058	2,871	8,077
Accrued Interest on Bonds and Notes	182,408	231,622	238,328	266,165	285,844
Interfunds Payable				1,571,485	
Reserve for Payment of Debt				1	
Reserve for Receivables	238,904	194,837	193,800	214,036	198,754
Fund Balance	641,911	1,333,372	1,738,395	3,159,620	3,524,974
Total Operating Fund	2,469,791	3,152,105	3,623,837	6,273,741	5,244,371
Assessment Trust Fund:					
Fund Balance			666	666	666
Total Assessment Trust Fund			666	666	666
Sewer Connection Trust Fund:					
Interfunds Payable			195,453	210,453	400,501
Accounts Payable					
Reserve for Sewer Connection Fees					210,450
Total Sewer Connection Trust Fund			195,453	210,453	610,951
Capital Fund:					
Serial Bonds	8,087,000	9,447,400	9,584,600	10,603,600	11,637,400
Water Loan Payable	11,549,702	12,664,152	13,753,433	14,824,771	15,865,232
Bond Anticipation Notes	2,190,298	466,798			
Improvement Authorizations:					
Funded	1,621,610	2,040,815	70,439	301,655	1,021,323
Unfunded	2,781,023	1,243,537	2,094,339	1,043,691	1,260,527
Capital Improvement Fund	1,506,399	506,399	506,399	1,848,749	261,399
Interfunds Payable			389,939		65
Reserve for Encumbrances	440,519	391,310	457,271	209,922	107,515
Reserve for Payment of Debt Service	55,489	355,489	355,489	355,489	355,488
Reserve for:					
Amortization	57,127,003	54,701,354	52,792,459	50,254,546	48,131,343
Deferred Reserve for Amortization	6,855,190	6,785,189	5,242,880	2,223,080	2,223,080
Fund Balance	25,063	11,005	8,789	8,024	8,027
Total Capital Fund	92,239,294	88,613,448	85,256,037	81,673,527	80,871,399
	\$ 94,709,085	\$ 91,765,553	\$ 89,075,993	\$ 88,158,387	\$ 86,727,387

(1) Restated

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWNSHIP OF MEDFORD
WATER AND SEWER UTILITY FUND**

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

	For the Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016(1)</u>	<u>2015</u>
Revenue Realized:					
Fund Balance Utilized	\$ 750,000	\$ 1,000,000	\$ 1,421,225	\$ 901,173	\$ 700,693
Rents	6,196,394	6,491,009	6,062,704	6,473,180	6,378,957
Miscellaneous	562,714	704,742	970,138	1,072,589	1,468,965
Reserve for Payment of Debt Service	300,000				
Other Credits to Income	206,572	345,827	163,915	252,710	70,774
Total Income	8,015,680	8,541,578	8,617,982	8,699,652	8,619,389
Expenditures and Encumbrances:					
Operating	3,904,478	3,767,484	3,674,399	3,691,104	3,599,582
Capital Improvements	1,094,000	1,273,568	1,771,450	1,671,350	53,500
Debt Service	2,747,032	2,650,582	2,611,899	2,784,546	2,868,067
Other			9,450		
Pension, Social Security and Unemployment Contributions	211,469	254,967	570,551	226,619	265,318
Refund of Prior Year Revenue	162				
Total Expenditures and Encumbrances	7,957,141	7,946,601	8,637,749	8,373,619	6,786,467
Operating Deficit			<u>(19,767)</u>		
Statutory Excess to Fund Balance	58,539	594,977		326,033	1,832,922
Fund Balance Beginning of Year	1,333,372	1,738,395	3,159,620	3,734,760	2,392,745
	1,391,911	2,333,372		4,060,793	4,225,667
Decreased by:					
Prior Year Fund Balance Anticipated by Current Fund Utilized as Revenue	750,000	1,000,000	1,421,225	901,173	700,693
	\$ 641,911	\$ 1,333,372	\$ 1,738,395	\$ 3,159,620	\$ 3,524,974

(1) Restated

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF MEDFORD
TRUST FUND
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					
Cash	\$ 6,718,956	\$ 7,461,487	\$ 7,493,045	\$ 6,369,441	\$ 5,996,479
Interfunds Receivable		3,739	5,650	283,775	
Investments	1,462,298	1,161,533	1,219,134	1,040,532	
	\$ 8,181,254	\$ 8,626,759	\$ 8,717,829	\$ 7,693,748	\$ 5,996,479
LIABILITIES AND RESERVES					
Interfunds Payable	\$ 551		\$ 35,320	\$ 7,976	\$ 506,885
Other Liabilities and Special Funds	8,180,703	\$ 8,626,759	8,682,509	7,685,772	5,489,594
	\$ 8,181,254	\$ 8,626,759	\$ 8,717,829	\$ 7,693,748	\$ 5,996,479

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF MEDFORD
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 Medford (hereafter referred to as the "Township") was incorporated as a township by an act of the New Jersey legislature on February 4, 1847 from portions of Evesham Township. The Township, located in Burlington County, New Jersey, has a total area of approximately forty square miles, and is located approximately twenty miles from the City of Philadelphia. The Township borders Evesham Township, Tabernacle Township, Mount Laurel Township, Southampton Township, Shamong Township, and Lumberton Township. According to the 2010 census, the population is 23,033.

The Township has a Council - Manager form of government known as the Council - Manager Plan E under the Optional Municipal Charter Law of 1960, popularly known as the Faulkner Act. There are four Township Council Members who are elected to four-year terms. The Mayor is elected at large to a four-year term. Administrative responsibilities fall under the Township Manager, who is appointed by Council. Executive responsibilities rest with the Township Council.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

School Taxes - The Township is responsible for levying, collecting, and remitting school taxes for the Township of Medford School District and the Lenape Regional High School District. For both school districts, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2018 and decreased by the amount deferred at December 31, 2019.

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

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

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

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

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

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

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

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2019, the Township’s bank balances of \$44,151,035.11 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 42,998,812.95
Uninsured and Uncollateralized	<u>1,152,222.16</u>
Total	<u>\$ 44,151,035.11</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:

	<u>Year Ended</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 3.169</u>	<u>\$ 3.125</u>	<u>\$ 3.102</u>	<u>\$ 3.092</u>	<u>\$ 3.046</u>
Apportionment of Tax Rate:					
Municipal	\$.405	\$.406	\$.406	\$.410	\$.411
Municipal Open Space	.023	.024	.024	.030	.030
County	.441	.442	.446	.447	.435
Regional High School	.761	.742	.738	.740	.720
Local School	1.539	1.511	1.488	1.465	1.450

Note 3: PROPERTY TAXES (CONT'D)

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

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2019	\$ 3,038,010,579.00
2018	3,027,058,244.00
2017	3,008,189,389.00
2016	2,985,099,633.00
2015	2,972,790,205.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2019	\$ 96,730,415.42	\$ 95,665,416.73	98.90%
2018	95,098,772.83	94,291,578.17	99.15%
2017	94,027,113.02	93,126,657.72	99.04%
2016	93,069,111.00	92,054,528.00	98.91%
2015	91,626,530.00	90,516,057.00	98.79%

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	\$ 109,235.09	\$ 986,044.26	\$ 1,095,279.35	1.13%
2018	109,852.85	741,611.43	851,464.28	0.90%
2017	95,091.06	825,592.16	920,683.22	0.98%
2016	82,620.80	1,001,198.00	1,083,818.80	1.16%
2015	275,481.00	898,511.00	1,173,992.00	1.28%

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

<u>Year</u>	<u>Number</u>
2019	74
2018	37
2017	41
2016	64
2015	41

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	\$ 902,400.00
2018	1,071,200.00
2017	1,071,200.00
2016	1,071,200.00
2015	962,500.00

Note 5: SEWER UTILITY SERVICE CHARGES

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

<u>Year</u>	<u>Balance Beginning of Year Receivable</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>
2019	\$ 191,578.99	\$ 6,240,460.49	\$ 6,432,039.48	\$ 6,196,393.51
2018	190,541.59	6,492,046.02	6,682,587.61	6,491,008.62
2017	214,036.23	6,042,467.79	6,256,504.02	6,062,704.07
2016	198,754.00	6,493,484.00	6,692,238.00	6,478,202.00
2015	226,610.00	5,819,922.00	6,046,532.00	5,847,778.00

Note 6: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 3,949,266.09	\$ 2,385,000.00	60.39%
2018	3,947,555.54	2,385,000.00	60.42%
2017	4,255,373.21	2,498,500.00	58.71%
2016	3,607,687.80	1,944,000.00	53.88%
2015	2,265,775.00	1,017,604.00	44.91%

Water and Sewer Utility Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2019	\$ 641,910.68	\$ 269,089.00	41.92%
2018	1,333,371.67	750,000.00	56.25%
2017	1,738,395.11	1,000,000.00	57.52%
2016	3,159,620.11	1,421,225.00	44.98%
2015	3,524,974.00	901,173.00	25.57%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 551.24	\$ 9,248.06
Federal and State Grant	9,248.06	
Animal Control Fund		551.24
	<u> </u>	<u> </u>
Totals	<u>\$ 9,799.30</u>	<u>\$ 9,799.30</u>

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

Note 8: PENSION PLANS

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

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

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

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

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of 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.

The Township's contractually required contribution rate for the year ended December 31, 2019 was 12.05% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2019, the Township's contractually required contribution to the pension plan for the year ended December 31, 2019 is \$333,468.00, 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 \$339,056.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$214,949.65.

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 27.98% 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 \$1,135,091.00, 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 \$1,033,556.00, which was paid on April 1, 2019. Employee contributions to the Plan during the year ended December 31, 2019 were \$407,833.17.

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 3.61% of the Township's covered payroll.

Note 8: 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 \$146,312.00, 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 \$115,082.00, which was paid on 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, employee contributions totaled \$8,162.91, and the Township's contributions were \$5,791.38. There were no forfeitures during the year.

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 \$6,177,191.00. 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 .0342825266%, which was an increase of .0001954785% 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 \$293,473.00. 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 \$339,056.00, and was paid on 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	\$ 13,751,997.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>2,171,466.00</u>
	<u>\$ 15,923,463.00</u>

Note 8: 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 .1123729426%, which was an increase of .0066542478% 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 .1123729426%, which was an increase of .0066542478% 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 \$1,589,869.00. 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 \$1,033,556.00, and was paid on 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 \$252,307.00. 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	\$ 110,873.00	\$ 116,085.00	\$ 226,958.00	\$ 27,288.00	\$ 87,066.00	\$ 114,354.00
Changes of Assumptions	616,815.00	471,218.00	1,088,033.00	2,144,084.00	4,444,519.00	6,588,603.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	97,509.00	186,335.00	283,844.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	672,557.00	1,355,460.00	2,028,017.00	245,573.00	168,854.00	414,427.00
Township Contributions Subsequent to the Measurement Date	166,734.00	567,546.00	734,280.00	-	-	-
	<u>\$ 1,566,979.00</u>	<u>\$ 2,510,309.00</u>	<u>\$ 4,077,288.00</u>	<u>\$ 2,514,454.00</u>	<u>\$ 4,886,774.00</u>	<u>\$ 7,401,228.00</u>

\$166,734.00 and \$567,546.00 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 8: 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 8: 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 Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2020	\$ (134,472.00)	\$ (393,716.00)	\$ (528,188.00)
2021	(448,921.00)	(1,203,278.00)	(1,652,199.00)
2022	(349,827.00)	(832,392.00)	(1,182,219.00)
2023	(157,862.00)	(382,207.00)	(540,069.00)
2024	(23,127.00)	(132,418.00)	(155,545.00)
	<u>\$ (1,114,209.00)</u>	<u>\$ (2,944,011.00)</u>	<u>\$ (4,058,220.00)</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 8: 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 8: 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 plan's 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	\$ 7,802,796.00	\$ 6,177,191.00	\$ 4,807,389.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 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	\$ 18,587,689.00	\$ 13,751,997.00	\$ 9,749,765.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	2,935,031.00	2,171,466.00	1,539,506.00
	\$ 21,522,720.00	\$ 15,923,463.00	\$ 11,289,271.00

Note 8: PENSION PLANS (CONT'D)**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>.

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	0.0342825266%	0.0340870481%	0.0310660743%	0.0291113415%
Township's Proportionate Share of the Net Pension Liability	\$ 6,177,191.00	\$ 6,711,570.00	\$ 7,231,686.00	\$ 8,621,944.00
Township's Covered Payroll (Plan Measurement Period)	\$ 2,421,152.00	\$ 2,379,840.00	\$ 2,242,464.00	\$ 2,028,732.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	255.13%	282.02%	322.49%	424.99%
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	0.0329284085%	0.0327388066%	0.0351794539%	
Township's Proportionate Share of the Net Pension Liability	\$ 7,391,768.00	\$ 6,129,600.00	\$ 6,723,493.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 2,227,412.00	\$ 2,258,416.00	\$ 2,513,128.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	331.85%	271.41%	267.53%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of the 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	\$ 333,468.00	\$ 339,056.00	\$ 287,794.00	\$ 258,621.00
Township's Contribution in Relation to the Contractually Required Contribution	\$ (333,468.00)	(339,056.00)	(287,794.00)	(258,621.00)
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Township's Covered Payroll (Calendar Year)	\$ 2,766,650.00	\$ 2,469,467.00	\$ 2,348,900.00	\$ 2,218,222.00
Township's Contributions as a Percentage of Covered Payroll	12.05%	13.73%	12.25%	11.66%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 283,096.00	\$ 269,894.00	\$ 265,070.00	
Township's Contribution in Relation to the Contractually Required Contribution	(283,096.00)	(269,894.00)	(265,070.00)	
Township's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	
Township's Covered Payroll (Calendar Year)	\$ 2,008,847.00	\$ 2,162,377.00	\$ 2,215,793.00	
Township's Contributions as a Percentage of Covered Payroll	14.09%	12.48%	11.96%	

Note 8: 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	0.1123729426%	0.1057186948%	0.1073035247%	0.1007732337%
Township's Proportionate Share of the Net Pension Liability	\$ 13,751,997.00	\$ 14,305,482.00	\$ 16,565,590.00	\$ 19,250,263.00
State's Proportionate Share of the Net Pension Liability associated with the Township	2,171,466.00	1,943,163.00	1,855,486.00	1,616,545.00
Total	<u>\$ 15,923,463.00</u>	<u>\$ 16,248,645.00</u>	<u>\$ 18,421,076.00</u>	<u>\$ 20,866,808.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 3,742,712.00	\$ 3,491,336.00	\$ 3,443,384.00	\$ 3,175,960.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	367.43%	409.74%	481.08%	606.12%
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	0.1009314324%	0.0998063889%	0.0986190991%	
Township's Proportionate Share of the Net Pension Liability	\$ 16,811,658.00	\$ 12,554,718.00	\$ 13,110,519.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	1,474,326.00	1,351,932.00	1,222,060.00	
Total	<u>\$ 18,285,984.00</u>	<u>\$ 13,906,650.00</u>	<u>\$ 14,332,579.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 3,196,312.00	\$ 3,152,368.00	\$ 3,093,556.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	398.26%	423.80%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%	

Note 8: 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	\$ 1,135,091.00	\$ 1,033,556.00	\$ 949,656.00	\$ 821,645.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(1,135,091.00)</u>	<u>(1,033,556.00)</u>	<u>(949,656.00)</u>	<u>(821,645.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 4,056,445.00	\$ 3,763,312.00	\$ 3,522,176.00	\$ 3,416,079.00
Township's Contributions as a Percentage of Covered Payroll	27.98%	27.46%	26.96%	24.05%
	<u>Year Ended December 31,</u>			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 820,422.00	\$ 766,582.00	\$ 719,503.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(820,422.00)</u>	<u>(766,582.00)</u>	<u>(719,503.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 3,244,888.00	\$ 3,203,629.00	\$ 3,152,433.00	
Township's Contributions as a Percentage of Covered Payroll	25.28%	23.93%	22.82%	

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (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 a 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 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (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 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Township's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Township's trust fund, was created by a Township Ordinance adopted on August 27, 2002 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The voters of the Township approved the adoption of the Plan at the general election held on November 6, 2001, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2002. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Township's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

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

Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

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

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

The Township elected to contribute between \$300.00 and \$1,150.00 for the year ended December 31, 2019 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Township has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2019, the Township's total expenditure to the Plan was \$50,150.00.

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

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

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

Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

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

Forfeited Accounts - For the year ended December 31, 2019, no accounts were forfeited.

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

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

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

The Plan provides medical and prescription drug 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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

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

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

The Township was billed monthly by the Plan and paid \$690,714.00 for the year ended December 31, 2019, representing 10.12% of the Township's covered payroll. During the year ended December 31, 2019, retirees were not required to contribute to the Plan.

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

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The Township does not have a Special Funding Situation within the Plan.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2019 the Township's proportionate share of the net OPEB liability was \$18,048,243.00.

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.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

OPEB Liability (Cont'd) - The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Township's proportion was .133236% which was a decrease of .005809% from its proportion measured as of the June 30, 2018 measurement date.

OPEB (Benefit) Expense - At December 31, 2019, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$587,150.00). 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 made contributions to the Plan totaling \$690,714.00.

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 the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 5,278,010.00
Changes of Assumptions	-	6,395,896.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	14,867.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	306,714.00	2,694,072.00
Township Contributions Subsequent to the Measurement Date	<u>346,024.19</u>	<u>-</u>
	<u>\$ 667,605.19</u>	<u>\$ 14,367,978.00</u>

\$346,024.19 reported as deferred outflows of resources resulting from the Township's contributions subsequent to the measurement date will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2020.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2017	-	-
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,	
2020	\$ (2,317,812.00)
2021	(2,317,812.00)
2022	(2,318,978.00)
2023	(2,320,862.00)
2024	(2,322,583.00)
Thereafter	<u>(2,448,350.00)</u>
	<u>\$ (14,046,397.00)</u>

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:	
Initial Fiscal Year Applied:	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Years	3.25% to 15.25%

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

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

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality 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 and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions (Cont'd)

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.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The Township's 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>
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 20,868,360.00</u>	<u>\$ 18,048,243.00</u>	<u>\$ 15,756,525.00</u>

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

The Township's proportionate share of 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
Township's Proportionate Share of the Net OPEB Liability	<u>\$ 15,230,493.00</u>	<u>\$ 18,048,243.00</u>	<u>\$ 21,642,758.00</u>

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (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>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the net OPEB Liability (Last 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	0.133236%	0.139045%	0.137252%
Township's Proportionate Share of the Net OPEB Liability	\$ 18,048,243.00	\$ 21,783,649.00	\$ 28,021,078.00
Township's Covered Payroll (Plan Measurement Period)	\$ 6,560,153.00	\$ 5,955,101.00	\$ 5,748,063.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	275.12%	365.80%	487.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%	1.03%

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

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 690,714.00	\$ 1,273,883.05	\$ 1,361,532.26
Township's Contributions in Relation to the Required Contribution	<u>(690,714.00)</u>	<u>(1,273,883.05)</u>	<u>(1,361,532.26)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 6,823,095.00	\$ 6,232,779.00	\$ 5,871,076.00
Township's Contributions as a Percentage of Covered Payroll	10.12%	20.44%	23.19%

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Other Notes to Supplementary OPEB Information****Changes in Benefit Terms**

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

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 and July 1, 2014 - June 30, 2018 PERS experience studies. 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. For mortality related to PERS members and retirees, the Pub-2010 "General" 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 11: COMPENSATED ABSENCES

The Township does not have a policy for compensating all employees for unused sick, vacation or personal leave days upon retirement. However, policies negotiated in the union contracts of the public works, utility, fire and police departments exist. Per the Township handbook non-aligned employees will be compensated in the same manner as employees in the public works union.

In accordance with all union negotiated contracts of the Township employees are entitled to be paid for vacation and comp time upon termination at their current hourly rates.

Additionally, in accordance with the Township's Officer's Association, up to 45 days of accumulated sick time will be compensated at current hourly rates upon termination, and in accordance with Township's Police Superior Officers Association contract, sick time will be compensated upon termination as follows:

- Hours 1 -1,040 – 55% of the Officer's Hourly Rate
- Hours 1,041 – 1,500 50% of the Officer's Hourly Rate
- Hours 1,501+ 45% of the Officer's Hourly Rate

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 \$1,160,525.28.

The Township has established a compensated absences trust fund to set aside funds for future payments of compensated absences. At December 31, 2019, the balance of the fund was \$52,680.52.

Note 12: 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 13: SANITARY LANDFILL ESCROW CLOSURE FUND

The Township previously operated a municipal landfill located in the Township. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure and deposit, on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

Under the provisions of N.J.S.A.13:1E-1 et seq., known as the Solid Waste Management Act, approval was granted on November 2, 1995 by the State of New Jersey, Department of Environmental Protection (NJDEP) for a closure and post closure plan. On February 24, 2000, the NJDEP accepted the Township's As-Built Documents for the closure of the landfill as complete.

The Township presently holds funds in escrow in accordance with the post closure financial plan approved by the NJDEP on November 2, 1995.

Note 14: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2013 - On May 9, 2013, the Township issued \$11,470,000.00 of general improvement bonds, with interest rates ranging from 2.0% - 3.25%. The bonds were issued to fund ordinances 2008-11 and 2009-19. The final maturity of the bonds is May 1, 2033.

Refunding Bonds, Series 2013 - On May 9, 2013, the Township issued \$3,510,000.00 of refunding bonds, with interest rates ranging from 1.0% – 2.5%. The bonds were issued to refund \$796,000.00 of General Obligation Bonds, Series 2004. The final maturity of the bonds is August 1, 2020.

General Improvement Bonds, Series 2015 - On December 17, 2015, the Township issued \$3,420,000.00 of general improvement bonds, with interest rates ranging from 2.0% – 2.25%. The bonds were issued for the purpose of funding the following Ordinances 2010-15, 2013-16, 2014-1 and 2015-15. The final maturity of the bonds is June 1, 2025.

General Improvement Bonds, Bridge Commission Series 2018 - On September 6, 2018, the Bridge Commission issued \$15,508,787.00 of general improvement bonds, with interest rates ranging from 4.0% – 5.0% on behalf of the Township. The bonds were issued for the purpose of funding the following Ordinances 2016-08, 2017-06, 2018-03 and 2018-10. The final maturity of the bonds is August 1, 2033.

Note 14: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,920,000.00	\$ 914,318.76	\$ 2,834,318.76
2021	1,570,000.00	855,618.76	2,425,618.76
2022	1,645,000.00	802,818.76	2,447,818.76
2023	1,735,000.00	747,318.76	2,482,318.76
2024	1,820,000.00	686,268.76	2,506,268.76
2025 - 2029	8,210,000.00	2,447,906.30	10,657,906.30
2030 - 2033	<u>7,450,000.00</u>	<u>724,559.40</u>	<u>8,174,559.40</u>
Totals	<u>\$ 24,350,000.00</u>	<u>\$ 7,178,809.50</u>	<u>\$ 31,528,809.50</u>

Water and Sewer Improvement Bonds

General Improvement Bonds, Series 2013 - On May 17, 2013, the Township issued \$1,305,000.00 of general improvement bonds, with interest rates ranging from 2.0% - 3.25%. The bonds were issued to fund ordinance 2009-20. The final maturity of the bonds is May 1, 2033.

Refunding Bonds, Series 2013 - On May 17, 2013, the Township issued \$5,140,000.00 of refunding bonds, with interest rates ranging from 1.0% – 2.5%. The bonds were issued to refund \$4,750,000.00 of General Obligation Bonds, Series 2004 and to advance refund \$2,963,000.00 of General Obligation Bonds, Series 2005. The final maturity of the bonds is August 1, 2025.

General Improvement Bonds, Series 2015 - On December 17, 2015, the Township issued \$1,470,000.00 of general improvement bonds, with interest rates ranging from 2.0% – 2.25%. The bonds were issued for the purpose of funding the following Ordinances 2008-20, 2010-16, 2010-21 and 2015-16. The final maturity of the bonds is June 1, 2035.

On March 28, 2017, the Burlington County Bridge Commission issued, on behalf of the Township, \$905,000.00 in county guaranteed pooled loan revenue refunding bonds with interest rates from 3.0% to 4.0% to advance refund \$946,000.00 of outstanding 2006 series bonds. The final maturity of the bonds is February 15, 2026.

On September 6, 2018, the Burlington County Bridge Commission issued, on behalf of the Township, \$946,932.00 in county guaranteed pooled loan revenue bonds with interest rates from 4.0% to 5.0%. The bonds were issued for the purpose of funding Ordinances 2018-11. The final maturity of the bonds is August 1, 2028.

Refunding Bonds, Series 2019 - On October 30, 2019, the Township issued \$2,260,000.00 of refunding bonds, with interest rates ranging from 3.0% – 5.0%. The bonds were issued to refund \$2,500,000.00 of General Obligation Bonds, Series 2008. The final maturity of the bonds is July 15, 2028.

Note 14: CAPITAL DEBT (CONT'D)**Water and Sewer Improvement Bonds (Cont'd)**

The following schedule represents the remaining debt service, through maturity, for the Water and Sewer Improvement Bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,058,000.00	\$ 242,577.50	\$ 1,300,577.50
2021	901,000.00	246,135.00	1,147,135.00
2022	895,000.00	219,695.00	1,114,695.00
2023	808,000.00	193,345.00	1,001,345.00
2024	867,000.00	166,100.00	1,033,100.00
2025 - 2029	2,673,000.00	390,705.00	3,063,705.00
2030 - 2034	775,000.00	72,168.75	847,168.75
2035	110,000.00	1,650.00	111,650.00
Totals	<u>\$ 8,087,000.00</u>	<u>\$ 1,532,376.25</u>	<u>\$ 9,619,376.25</u>

Water and Sewer Debt - New Jersey Environmental Infrastructure Loans

On October 30, 2002, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$880,709.00, at no interest, from the fund loan, and \$835,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2022.

On November 8, 2007, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,106,200.00, at no interest, from the fund loan, and \$1,100,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2027.

On November 6, 2008, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$3,141,145.00, at no interest, from the fund loan, and \$3,785,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2028.

On November 19, 2009, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,857,000.00, at no interest, from the fund loan, and \$1,965,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2029.

On March 10, 2010, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$2,252,000.00, at no interest, from the fund loan, and \$735,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2029.

Note 14: CAPITAL DEBT (CONT'D)**Water and Sewer Debt - New Jersey Environmental Infrastructure Loans (Cont'd)**

On December 2, 2010, the Township entered into a loan agreement (Part A and Part B) with the New Jersey Environmental Infrastructure Trust to provide \$4,186,000.00, at no interest, from the fund loan, and \$2,370,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the water and sewer systems. Semiannual debt payments are due February 1st and August 1st through 2030.

The following schedule represents the remaining debt service, through maturity, for the Water and Sewer Infrastructure Loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,139,376.21	\$ 299,312.50	\$ 1,438,688.71
2021	1,171,874.23	271,162.50	1,443,036.73
2022	1,194,378.46	241,712.50	1,436,090.96
2023	1,119,613.90	211,300.00	1,330,913.90
2023	1,151,988.36	182,250.00	1,334,238.36
2025 - 2029	5,418,017.88	449,400.00	5,867,417.88
2030	<u>354,452.82</u>	<u>9,250.00</u>	<u>363,702.82</u>
Totals	<u>\$ 11,549,701.86</u>	<u>\$ 1,664,387.50</u>	<u>\$ 13,214,089.36</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 33,484,126.00	\$ 29,600,902.17	\$ 21,804,605.98
Water and Sewer Utility:			
Bonds, Loans and Notes	<u>21,826,999.86</u>	<u>22,578,349.76</u>	<u>23,338,032.59</u>
Total Issued	<u>55,311,125.86</u>	<u>52,179,251.93</u>	<u>45,142,638.57</u>
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes			3,200,837.56
Water and Sewer Utility:			
Bonds, Loans and Notes			<u>466,798.57</u>
Total Authorized but not Issued	<u>-</u>	<u>-</u>	<u>3,667,636.13</u>
Total Issued and Authorized but not Issued	<u>55,311,125.86</u>	<u>52,179,251.93</u>	<u>48,810,274.70</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Debt Service	354,959.44	354,959.44	153,966.20
Water and Sewer Utility:			
Self-Liquidating	<u>21,826,999.86</u>	<u>22,578,349.76</u>	<u>23,804,831.16</u>
Total Deductions	<u>22,181,959.30</u>	<u>22,933,309.20</u>	<u>23,958,797.36</u>
Net Debt	<u>\$ 33,129,166.56</u>	<u>\$ 29,245,942.73</u>	<u>\$ 24,851,477.34</u>

Note 14: 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 .992%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Purposes	\$ 13,595,000.00	\$ 13,595,000.00	
Regional School Purposes	8,272,490.01	8,272,490.01	
Self-Liquidating	21,826,999.86	21,826,999.86	
General	33,484,126.00	354,959.44	\$ 33,129,166.56
	<u>\$ 77,178,615.87</u>	<u>\$ 44,049,449.31</u>	<u>\$ 33,129,166.56</u>

Net debt \$33,129,166.56 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$3,340,400,703.33, equals .992%.

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 116,914,024.62
Less: Net Debt	<u>33,129,166.56</u>
Remaining Borrowing Power	<u>\$ 83,784,858.06</u>

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

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year	\$ 7,809,107.51
Deductions:	
Operating and Maintenance Costs	\$ 4,115,947.00
Debt Service	<u>2,747,032.11</u>
Total Deductions	<u>6,862,979.11</u>
Excess in Revenue	<u>\$ 946,128.40</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 15: CAPITAL DEBT REFUNDING

On October 30, 2019, the Township issued \$2,260,000.00 in general obligation refunding bonds with interest rates ranging from 3.00% to 5.00% to refund \$2,500,000.00 of outstanding water and sewer General Obligation Bonds, Series 2011, bearing interest rates ranging from 4.125% to 4.50%. The net proceeds of \$2,540,176.74 (after payment of issuance costs) were used to purchase U.S. Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 series bonds. As a result of the current refunding, the Township will reduce its total debt service payments over the next ten years by almost \$274,538.00, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$257,698.78, or 10.31% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the Township's financial statements.

Note 16: ARBITRAGE REBATE

The Tax Reform Act of 1986 placed restriction on investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings which are above arbitrage bond yield are required to be rebated to the United States Treasury Department within sixty days of the end of the fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year end.

The Township has the following bond issue outstanding that requires a rebate calculation:

<u>Bonds Issued</u>	<u>General Capital Fund</u>	<u>Sewer Utility Capital Fund</u>	<u>Liability</u>
September 6, 2018	\$ 15,508,787.00	\$ 946,932.00	(1)

(1) The rebate calculation on these bonds is required to be made at least once every five years. It is anticipated that when such calculation is made, the liability, if any, will be appropriated in that year's general budget.

Note 17: SCHOOL TAXES

The Township of Medford School District tax and Lenape Regional High School tax have been raised and the liabilities deferred by statutes, resulting in the school taxes payable set forth in the current fund liabilities as follows:

	<u>Local School District Balance December 31,</u>		<u>Regional School District Balance December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Balance of Tax	\$ 23,320,305.44	\$ 22,818,650.46	\$ 11,551,171.13	\$ 11,240,770.13
Deferred	<u>19,507,879.44</u>	<u>8,516,977.28</u>	<u>8,516,977.28</u>	<u>8,516,977.28</u>
Taxes Payable	<u>\$ 3,812,426.00</u>	<u>\$ 14,301,673.18</u>	<u>\$ 3,034,193.85</u>	<u>\$ 2,723,792.85</u>

Note 18: CHANGE ORDERS

During the year 2020, the Township amended contracts by approving the following change orders that resulted in the total amount of change orders executed for these projects to exceed the originally awarded contract price by more than twenty percent (20%):

<u>Resolution Number</u>	<u>Project Description</u>
167-2019	2017 Road Improvement Program
263-2019	Professional Services Leaf Contractor & Contracting Services

N.J.A.C. 5:30-11.3 (a) 9 and 10 states that the total number of change orders executed for a particular contract shall not cause the originally awarded contract price to be exceeded by more than twenty percent (20%) unless otherwise authorized, and that if proposed change orders do exceed that twenty percent limitation, no work shall be performed or purchases made until the procedures of N.J.A.C. 5:30-11.9 have been completed.

N.J.A.C. 5:30-11.9 delineates the required procedures for change orders, which exceed the twenty percent (20%) limitation. The Township has complied with all provisions of N.J.A.C. 5:30-11.9.

Note 19: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019		\$ 4,952.91	\$ 1,375.49	\$ 3,682.46	\$ 111,169.41
2018		3,062.48	987.64	2,279.87	108,523.47
2017	\$ 10,000.00	3,297.27	491.50	2,848.36	106,753.22

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2019.

Joint Insurance Pool - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Employee health and accident insurance and public officials bonds in amounts required by New Jersey statutes are provided through commercial insurance. Unemployment compensation benefits are provided by the State of New Jersey, supported by mandatory contributions by the Township. The Township is a member of the Burlington County Municipal Joint Insurance Fund (the "JIF") and the Municipal Excess Liability Joint Fund (the "MEL"), both public entity risk pools. Covered losses not provided by either the JIF or MEL are covered by reinsurance policies in varying amounts. The following coverage is provided by the JIF and MEL:

- Public Officials Bonds in excess of amounts statutorily required
- Public Employees Dishonesty Bonds
- Automobile Liability
- Workers' Compensation and Employer's Liability
- Commercial Property
- General Liability
- Public Officials Liability
- Employment Practices Liability
- Environmental Liability

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

The Funds publish their own financial reports, which can be obtained from:

- Burlington County Municipal Joint Insurance Fund
P.O. Box 325
Hammonton, New Jersey 08037
- Municipal Excess Liability Joint Insurance Fund
Park 80 West Plaza I
Saddle Brook, New Jersey 07663

Note 20: GUARANTOR OF DEBT

In 2006, the Township became co-borrower of various loans for the reconstruction of several dams located within the Township. All of the loans were made from the New Jersey Department of Environmental Protection, Dam Restoration Loan Program. In the event the original borrower defaults on a loan the Township will be required to make the remaining payments. The terms of the loans are as follows:

<u>Borrower</u>	<u>Agreement Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Term</u>
Old Tauton Colony Club	01/10/06	\$ 433,440.00	2.00%	20 Years
YMCA Camp Ockanickon Inc.	01/10/06	1,809,000.00	2.00%	20 Years
Birchwood Lake Colony Club	01/24/06	2,340,000.00	2.00%	20 Years
Jewish Federation of Southern NJ	01/24/06	227,500.00	2.00%	20 Years

In addition, the Township acts as a fiduciary for the Birchwood Lakes Colony Club with regards to collecting the annual billings of their association for the repayment of their loan and then pays their debt service payments with the collections.

Note 21: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 4, 1997, 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 Medford Open Space, Recreation and Farmland Preservation Trust Fund effective July 1, 1998, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the two referendums, the Township levies a tax not to exceed 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 Medford Open Space, Recreation and Farmland Preservation Trust Funds.

Note 22: 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 23: 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 24: PRIOR PERIOD RESTATEMENT

During calendar year 2019, the Township had an inventory completed by an outside inventory company, and also changed its capitalization threshold from \$1,000.00 to \$5,000.00. The net effect of the change in capitalization threshold, as well as the effect of the inventory company identifying assets not on the inventory listing, adjusting estimated historical cost values, or not locating assets previously reported in the Township's General Fixed Assets Group of Accounts, is as follows:

	(As Originally Reported) Balance <u>Dec. 31, 2018</u>	Prior Period Adjustment	(As Restated) Balance <u>Dec. 31, 2018</u>
General Fixed Assets:			
Land and Improvements	\$ 23,154,400.00	\$ (175,000.00)	\$ 22,979,400.00
Buildings and Improvements	10,721,200.00	483,432.00	11,204,632.00
Vehicles, Machinery and Equipment	<u>15,006,015.00</u>	<u>(722,201.00)</u>	<u>14,283,814.00</u>
	<u>\$ 48,881,615.00</u>	<u>\$ (413,769.00)</u>	<u>\$ 48,467,846.00</u>
Total Investment in General Fixed Assets	<u>\$ 48,881,615.00</u>	<u>\$ (413,769.00)</u>	<u>\$ 48,467,846.00</u>

Note 25: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements:		
Various General Capital Improvements	07/08/20	\$ 6,607,127.00
Water and Sewer Utility Improvements:		
Various Utility Capital Improvements	07/08/20	2,420,000.00

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.

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 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 OPINION

October __, 2020

Mayor and Township Council
Township of Medford, in the
County of Burlington, New Jersey

Re: Township of Medford, in the County of Burlington, New Jersey
\$ _____ General Obligation Bonds, Series 2020

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the \$ _____ General Obligation Bonds, Series 2020, (the "Bonds") by the Township of Medford (the "Township") in the County of Burlington, New Jersey (the "County").

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) Resolution 147-2020 of the Township adopted by the Township Council on September 1, 2020 ("Authorizing Resolution") and (iii) the bond ordinances set forth in the Authorizing Resolution of the Township (the "Bond Ordinances").

The Bonds are dated October __, 2020, and mature on May 1 in each of the years and in the respective principal amounts as set forth on the inside cover of an Official Statement dated September __, 2020 related to the Bonds, and bear interest at the respective interest rates per annum set forth in the Official Statement, payable semi-annually thereafter on May 1st and November 1st of each year, commencing May 1, 2021.

The Bonds are issued without coupons. The principal amounts of the Bonds are subject to optional redemption prior to their respective maturity and principal payment dates as set forth therein.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the proceedings of the Township Council in connection with the adoption of the Ordinances and the Authorizing Resolution, and the other certifications, instruments, documents and opinions prepared in connection with the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined.

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

1. The Bond Ordinances and the Authorizing Resolution have been duly adopted by the Township Council and are in full force and effect.

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

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

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

We express no other opinion regarding other federal or State tax consequences arising with respect to the Bonds.

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

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

We express no opinion herein as to the adequacy, accuracy or completeness of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

Very truly yours,

October __, 2020

Mayor and Township Council
Township of Medford, in the
County of Burlington, New Jersey

Re: Township of Medford, in the County of Burlington, New Jersey
\$3,347,549 Bond Anticipation Notes, Series 2020A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Medford, in the County of Burlington, New Jersey (the "Township") of its \$3,347,549 principal amount of Bond Anticipation Notes, Series 2020A (the "Notes") consisting of \$2,880,751 General Improvement Bond Anticipation Notes (the "GBAN") and \$466,798 Sewer Utility Bond Anticipation Notes (the "SBAN"). The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated October 8, 2020, mature on October 7, 2021, bear interest at a rate of ___% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and Bond Ordinances of the Township Numbered 1994-14, 2007-11, 2008-11, 2008-20, 2009-19, 2009-20, 2009-28, 2010-15, 2010-16 and 2010-21 (the "Ordinances"). The Notes will be issued by the Township to refund Notes originally issued to provide funds to fund capital projects of the Township.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined such matters of law, including the Local Bond Law and the Code, such documents, including the Ordinances, and such other statutes, resolutions, certificates, instruments and records of the Township, as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed and relied upon the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

Based upon the foregoing, we are of the opinion that:

1. The Notes have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Township enforceable in accordance with their terms.

2. The power and obligation of the Township to pay the Notes is unlimited, and, if not paid from other sources, the Township is required to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Interest on the Notes is not excludable from gross income of the owners thereof for federal income tax purposes under current law.

4. Interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes. This opinion is given as of the date hereof and we assume no obligation to update or supplement the opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Medford in the County of Burlington, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$17,003,000 General Obligation Bonds, Series 2020 (the "2020 Bonds"). The Tax-Exempt Bonds are being issued pursuant to a Resolution 147-2020 duly adopted by the Township on September 1, 2020 (the "Resolution") and the bond ordinances listed therein (the "Ordinances"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the 2020 Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"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 2020 Bonds (including persons holding 2020 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020 Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any 2020 Bond, including Beneficial Owners of the 2020 Bonds.

"Dissemination Agent" shall mean the Issuer, 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, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the 2020 Bonds, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with the Rule and to provide the general public with access to such continuing disclosure information.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

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

“MSRB” shall mean the Municipal Securities Rulemaking Board via the internet facilities of the Electronic Municipal Market Access System (EMMA).

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

"Participating Underwriter" shall mean the original underwriter of the 2020 Bonds required to comply with the Rule in connection with the offering of the 2020 Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted 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. Provision of Annual Reports.

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

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

(c) If the Township fails to provide the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Township advising of such failure. Whether or not such notice is given or received, if the Township thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen

(15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice (with copies of said notice to the Township) to the Repository in substantially the form attached as EXHIBIT "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) the Township and overlapping indebtedness including a schedule of outstanding debt issued by the Township, (ii) the Township's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Tax Exempt Bonds or other material events affecting the tax status of the 2020 Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) 2019 Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2020 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the

Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a “financial obligation” of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Township, if any such event reflects financial difficulties.

(b) The Township shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events which are material, 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 subsection (a) of this Section 5, the Township 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 Township'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 Township 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 Township.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2020 Bonds. If such termination occurs prior to the final maturity of the 2020 Bonds, 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 Certificate, 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 Certificate. The initial Dissemination Agent shall be the Issuer.

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 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 2020 Bonds, 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 2020 Bonds, 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 Bondholders or Beneficial Owners of the 2020 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or 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 Certificate any Bondholder or Beneficial Owner of the 2020 Bonds 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 Certificate. A default under this Disclosure Certificate shall not be deemed an event of default on the 2020 Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in

electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 12. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 13. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 14. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 15. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Bondholders and Beneficial Owners from time to time of the 2020 Bonds and shall create no rights in any other person or entity.

Date October __, 2020

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

By: _____
Robin Sarlo,
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: TOWNSHIP OF MEDFORD, IN THE
COUNTY OF BURLINGTON, NEW JERSEY

Name of Bond Issue: \$17,003,000 GENERAL OBLIGATION BONDS, SERIES 2020

Date of Issuance: October __, 2020

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated October __, 2020. The Issuer anticipates that the Annual Report will be filed by _____.

Dated:

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

By: _____
Authorized Officer