

**OFFICIAL STATEMENT DATED APRIL 27, 2017**

**NEW ISSUE**  
**BOOK-ENTRY ONLY**

**Rating (Bonds): S&P: "AA-"**  
**Rating (Notes): EXPECTED**  
**(See "RATINGS" herein)**

*In the opinion of GluckWalrath LLP, Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Bonds and the Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds and the Notes, interest received by holders of the Bonds and the Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. However, interest on the Bonds and the Notes may become taxable retroactively if certain requirements under the Code are not complied with. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds and the Notes, interest on the Bonds and the Notes and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds and the Notes.*

**\$16,160,000**  
**TOWNSHIP OF STAFFORD**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2017**  
**consisting of:**  
**\$10,880,000 General Improvement Bonds**  
**\$5,280,000 Water/Sewer Utility Bonds**  
**(Not Bank Qualified) (Callable)**

**\$4,715,000**  
**TOWNSHIP OF STAFFORD**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2017A**  
**Coupon: 2.25% Yield: 1.00%**  
**CUSIP: 852529SD9**  
**(Not Bank Qualified)**

**Dated: Date of Delivery**

**Due: May 1, as shown on the inside front cover**

**Dated: Date of Delivery**

**Due: May 9, 2018**

The \$16,160,000 aggregate principal amount of General Obligation Bonds, Series 2017 consisting of \$10,880,000 General Improvement Bonds (the "General Improvement Bonds") and \$5,280,000 Water/Sewer Utility Bonds (the "Water/Sewer Utility Bonds", and together with the General Improvement Bonds, the "Bonds") are general obligations of the Township of Stafford, in the County of Ocean, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$4,715,000 aggregate principal amount of Bond Anticipation Notes, Series 2017A (the "Notes"), dated the date of delivery, are also general obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, the Bonds will, and the Notes may, be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds will, and the Notes may, be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds and Notes maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2017, at such rates of interest, as shown on the inside front cover page hereof, until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate per annum and reoffering yield, as shown on the inside front cover page, commencing from their date of delivery. Interest on the Notes will be payable at maturity on May 9, 2018. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity.

While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Township Council on the dates set forth herein and by a resolution duly adopted by the Township Council on March 28, 2017. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the Township Council on the dates set forth herein.

The proceeds of the Bonds, along with other available funds of the Township, are being used to: (i) permanently finance a portion of the outstanding bond anticipation notes of the Township; (ii) permanently finance the cost of various general improvements in and by the Township; and (iii) pay the costs associated with the issuance of the Bonds.

The Notes are being issued to: (i) refund a portion of the outstanding bond anticipation notes of the Township; (ii) temporarily finance the cost of various general improvements in and by the Township; and (iii) pay the costs associated with the issuance of the Notes.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption". The Notes are not subject to redemption prior to their stated maturity.

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath LLP, Red Bank, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors, Forked River, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about May 10, 2017.

**Underwriter for the Bonds**



**Underwriter for the Notes**

**Jefferies**

**TOWNSHIP OF STAFFORD  
IN THE COUNTY OF OCEAN, NEW JERSEY**

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

**\$16,160,000 GENERAL OBLIGATION BONDS, SERIES 2017**

consisting of:

**\$10,880,000 General Improvement Bonds**

**\$5,280,000 Water/Sewer Utility Bonds**

**(Not Bank Qualified) (Callable)**

<b>Maturity (May 1)</b>	<b>General Improvement Amounts</b>	<b>Water/Sewer Utility Amounts</b>	<b>Total Amounts</b>	<b>Interest Rates</b>	<b>Yields</b>	<b>CUSIP*</b>
2018	\$500,000	\$230,000	\$730,000	3.00%	0.95%	852529RN8
2019	750,000	260,000	1,010,000	3.00	1.07	852529RP3
2020	760,000	305,000	1,065,000	4.00	1.23	852529RQ1
2021	950,000	315,000	1,265,000	4.00	1.37	852529RR9
2022	990,000	325,000	1,315,000	5.00	1.54	852529RS7
2023	990,000	335,000	1,325,000	5.00	1.69	852529RT5
2024	990,000	350,000	1,340,000	5.00	1.86	852529RU2
2025	990,000	360,000	1,350,000	5.00	2.06	852529RV0
2026	990,000	365,000	1,355,000	4.00	2.25	852529RW8
2027	990,000	380,000	1,370,000	4.00	2.45	852529RX6
2028	990,000	390,000	1,380,000	3.00	2.74	852529RY4
2029	990,000	405,000	1,395,000	3.00	2.84	852529RZ1
2030		420,000	420,000	3.00	3.00	852529SA5
2031		420,000	420,000	3.00	3.10	852529SB3
2032		420,000	420,000	3.00	3.20	852529SC1

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\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. 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.

**TOWNSHIP OF STAFFORD  
IN THE COUNTY OF OCEAN, NEW JERSEY  
260 E. BAY AVENUE  
MANAHAWKIN, NJ 08050-3498  
(609) 597-1000**

**MAYOR**  
John Spodofora

**TOWNSHIP COUNCIL**  
Alan R. Smith - President  
Stephen Fessler  
Steve Jeffries  
Paul Marchal  
Sharon McKenna  
David J. Taylor

**CHIEF FINANCIAL OFFICER**  
Douglas R. Gannon

**TAX COLLECTOR**  
Margaret B. Favorito, CTC

**TOWNSHIP ATTORNEY**  
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Forked River, New Jersey

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Holman Frenia Allison, P.C.  
Medford, New Jersey

**BOND COUNSEL**  
GluckWalrath LLP  
Red Bank, New Jersey

**MUNICIPAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds and the Notes other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriters or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document 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 document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

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

## TABLE OF CONTENTS

	Page
INTRODUCTION.....	1
THE BONDS.....	1
General Description.....	1
Optional Redemption.....	1
Notice of Redemption.....	2
Authorization for the Issuance of the Bonds.....	2
Purpose of the Bonds.....	2
Payment of Bonds.....	3
Denominations and Place of Payment .....	4
THE NOTES .....	4
General Description.....	4
Purpose of the Notes.....	4
Payment of Notes .....	5
Optional Redemption.....	5
Authorization for the Issuance of the Notes .....	5
SECURITY FOR THE BONDS AND NOTES.....	5
The Township.....	6
Form of Government .....	6
Police and Fire Protection.....	6
Utilities .....	7
Retirement Systems .....	7
Pension Information* .....	7
SUPERSTORM SANDY .....	7
BOOK-ENTRY-ONLY SYSTEM .....	8
Discontinuance of Book-Entry Only System.....	10
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES .....	11
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) .....	11
Debt Limits.....	11
Exceptions to Debt Limits - Extensions of Credit .....	11
Short Term Financing.....	11
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	12
Appropriation "CAP" .....	13
Tax Appeals.....	14
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	14
School Debt Subject to Voter Approval .....	14
TAX MATTERS .....	15
Federal.....	15
New Jersey .....	16
LEGALITY FOR INVESTMENT .....	16
CONTINUING DISCLOSURE FOR THE BONDS .....	16
COMPLIANCE WITH SECONDARY MARKET DISCLOSURE.....	17
REQUIREMENTS FOR THE NOTES .....	17
LITIGATION .....	17
MUNICIPAL BANKRUPTCY .....	17
CERTAIN REFERENCES.....	18
CERTIFICATION OF OFFICIAL STATEMENT.....	18
RATINGS.....	19
UNDERWRITING .....	19
MUNICIPAL ADVISOR .....	20
APPROVAL OF LEGAL PROCEEDINGS.....	20
FINANCIAL STATEMENTS.....	20
ADDITIONAL INFORMATION.....	20
MISCELLANEOUS .....	21
APPENDIX A:        GENERAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B:        FINANCIAL INFORMATION OF THE TOWNSHIP	
APPENDIX C:        FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS	
APPENDIX D:        FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET	
DISCLOSURE REQUIREMENTS FOR THE NOTES	
APPENDIX E:        FORM OF BOND COUNSEL’S OPINION FOR THE BONDS	
APPENDIX F:        FORM OF BOND COUNSEL’S OPINION FOR THE NOTES	

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**OFFICIAL STATEMENT  
OF THE  
TOWNSHIP OF STAFFORD  
IN THE COUNTY OF OCEAN, STATE OF NEW JERSEY**

**RELATING TO**

**\$16,160,000 GENERAL OBLIGATION BONDS, SERIES 2017**

**consisting of:**

**\$10,880,000 General Improvement Bonds**

**\$5,280,000 Water/Sewer Utility Bonds**

**(Not Bank Qualified) (Callable)**

**and**

**\$4,715,000 BOND ANTICIPATION NOTES, SERIES 2017A**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside cover page and the appendices attached hereto, has been prepared by the Township of Stafford (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$16,160,000 aggregate principal amount of General Obligation Bonds, Series 2017 consisting of \$10,880,000 General Improvement Bonds (the “General Improvement Bonds”) and \$5,280,000 Water/Sewer Utility Bonds (the “Water/Sewer Utility Bonds”, and together with the General Improvement Bonds, the “Bonds”) and \$4,715,000 aggregate principal amount of Bond Anticipation Notes, Series 2017A (the “Notes”) of the Township.

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on May 1 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning November 1, 2017 and on each May 1 and November 1 thereafter. The record dates for the Bonds is each preceding April 15 and October 15, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

**Optional Redemption**

The Bonds maturing prior to May 1, 2026 are not subject to optional redemption. The Bonds maturing on or after May 1, 2026 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after May 1, 2025 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

## **Notice of Redemption**

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (the "Depository Trust Company") (or any successor thereto) acts as securities depository for the Bonds ("Securities Depository"), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; within a maturity the Bonds to be redeemed shall be selected by the Securities Depository in accordance with its procedures.

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

## **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the Township Council of the Township on the dates set forth in the charts on the following pages and published and approved as required by law, and by a resolution duly adopted by the Township Council on March 28, 2017.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

## **Purpose of the Bonds**

The proceeds of the Bonds are being used to provide funds, along with other available funds of the Township in the amount of \$1,076,690 to: (i) refund, on a current basis, a portion of the \$19,698,000 aggregate principal amount of outstanding bond anticipation notes, consisting of \$13,022,000 General Improvement Bond Anticipation Notes and \$6,676,000 Water/Sewer Utility Bond Anticipation Notes, dated May 12, 2016 and maturing May 11, 2017 (the "Prior Notes"); (ii) permanently finance the cost of various general improvements in and by the Township in the amount of \$760,000; and (iii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and amount of the Prior Notes being refunded with the Bonds. The bond ordinances are:



<b>General Improvement Bond Ordinances</b>			
<b>Ordinance Number</b>	<b>Description</b>	<b>Amount of Prior Notes Being Refunded With the Bonds</b>	<b>Amount of New Money</b>
2013-13	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted August 6, 2013.	\$1,215,410	\$0
2014-03	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted March 18, 2014.	2,672,205	0
2015-02	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted February 24, 2015.	3,117,385	0
2016-03	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted February 23, 2016.	4,065,000	0
2016-04	Purchase of the Pine Street building, finally adopted March 22, 2016.	225,000	0
2017-10	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted March 28, 2017.	<u>0</u>	<u>760,000</u>
<b>TOTAL</b>		<u>\$11,295,000</u>	<u>\$760,000</u>
<b>TOTAL GENERAL IMPROVEMENT:</b>			<u><b>\$12,055,000</b></u>

<b>Water/Sewer Utility Bond Ordinances</b>			
<b>Ordinance Number</b>	<b>Description</b>	<b>Amount of Prior Notes Being Refunded With the Bonds</b>	<b>Amount of New Money</b>
2014-04	Various Water/Sewer Utility Improvements, finally adopted March 18, 2014.	\$2,143,880	0
2015-03	Various Water/Sewer Improvements/Acquisition of Equipment, finally adopted February 24, 2015.	2,395,520	0
2016-05	Various Water/Sewer Improvements/Acquisition of Equipment, finally adopted February 23, 2016.	<u>1,135,600</u>	<u>0</u>
<b>TOTAL:</b>		<u>\$5,675,000</u>	<u>\$0</u>
<b>TOTAL WATER/SEWER UTILITY:</b>			<u><b>\$5,675,000</b></u>
<b>GRAND TOTAL:</b>			<u><b>\$17,730,000</b></u>

### **Payment of Bonds**

The Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on

all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount. See “SECURITY FOR THE BONDS AND NOTES.”

### **Denominations and Place of Payment**

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as Securities Depository for the Bonds. Principal of and interest on the Bonds will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof, except where necessary denominations of \$1,000 or any integral multiple thereof. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates in authorized denominations. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See “Book-Entry-Only System” herein.

## **THE NOTES**

### **General Description**

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the inside front cover of this Official Statement. The Notes shall bear interest at the rate as indicated on the inside front cover of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes may be issued as fully registered notes in book-entry only form, and when issued, may be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

### **Purpose of the Notes**

The Notes are being issued to provide funds, along with other available funds of the Township in the amount of \$1,132,560 to: (i) refund, on a current basis, a portion of the Prior Notes; (ii) temporarily finance the cost of various capital improvements in and by the Township in the amount of \$4,956,250; and (iii) pay the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described on the following table by ordinance number, description and date of final adoption, and the amount of Prior Notes being refunded with the Notes:

<b>Bond Anticipation Note Ordinances</b>			
<b>Ordinance Number</b>	<b>Description</b>	<b>Amount of Prior Notes Being Refunded With the Notes</b>	<b>Amount of New Money</b>
2014-05	Construction of Community Center and Pavilion, finally adopted March 18, 2014.	\$518,750	\$0
2017-10	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted March 28, 2017.	<u>0</u>	<u>4,196,250</u>
<b>TOTAL</b>		<u>\$518,750</u>	<u>\$4,196,250</u>
<b>TOTAL NOTES:</b>			<b><u>\$4,715,000</u></b>

### **Payment of Notes**

As hereinafter stated, the Notes are general obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

### **Optional Redemption**

The Notes are not subject to optional redemption prior to maturity.

### **Authorization for the Issuance of the Notes**

The Notes have been authorized and are being issued pursuant to the Local Bond Law. The Notes are authorized by various bond ordinances adopted by the Township Council on the dates set forth under "Purpose of the Notes", herein and published and approved as required by law.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

### **SECURITY FOR THE BONDS AND NOTES**

The Bonds and Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds and Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Bonds and Notes, without limitation as to rate or amount.

## **The Township**

The Township is located along the eastern border of Ocean County, New Jersey. See Appendix “A” for statistical information concerning the Township.

The Township was founded in 1749 and incorporated in 1798, encompasses 47 square miles in southern Ocean County (the “County”) in the State of New Jersey (the “State”). The Township is situated along Barnegat Bay and connected to the Atlantic Ocean beach areas of Long Beach Island by a two (2) mile causeway. The Garden State Parkway, which runs North and South through the center of the Township, provides access to the New York Metropolitan area and to Atlantic City. State Highway 72 runs West through the Central section of the Township to State Highway 70, which provides a direct route to Philadelphia, and East across Manahawkin Bay to Long Beach Island.

## **Form of Government**

The Governing Body of the Township consists of a Mayor and six (6) Township Council Members, all of whom are elected by the people of the community. Council Members are elected for three (3) year terms and the Mayor is also elected for a three (3) year term.

The government of the Township operates under the Mayor-Council plan of the Optional Municipal Charter Law, which provides for a small municipality form consisting of a Mayor and six (6) members of Council elected at large.

The Township Council meets the first and third Tuesday of each month for regular meetings and a caucus session of such meeting is held prior to the regular meetings. Both regular and caucus meetings are open to the public in compliance with New Jersey’s Sunshine Law. The public’s role during the caucus portion limited to that of an observer. At the regular session, however, citizens are given an opportunity to speak on proposed ordinances and resolutions. There is also a time set aside on the meeting agenda so that any citizen may address the Township Council on matters of concern to him or her.

## **Police and Fire Protection**

The Township is served by a police department consisting of police officers and non-uniformed employees. The police department is equipped with modern and scientific crime fighting equipment. The officers are trained in modern law enforcement techniques and are equipped to attend to the route and emergency needs of the community.

The Township’s all-volunteer fire department maintains two (2) fire-fighting companies and three (3) firehouses within the Township, on a twenty-four (24) hour basis, and a continuous training program keeps all fire-fighting personnel abreast of the latest techniques. The fire department provides fire protection to the Township residents and business. The fire department has modern equipment and vehicles, operated by dedicated volunteers.

Volunteer first aid and ambulance service to Township residents, as well as residents in surrounding communities, is provided by the Stafford Township Emergency Medical Services Unit (“EMS”) on a twenty-four (24) hour basis. The Township volunteer first aid squad serves the emergency health needs of the Township and is equipped with modern equipment and vehicles. Funding for the EMS operations is by solicitations from the public, as well as an annual appropriation from the Township.

The Township maintains two separate facilities for use by the EMS squad in responding to calls on a timely basis.

### **Utilities**

Public water and sewerage service is provided by the Township Water and Sewer Utility Department (the “Utility”), a municipally-created, self-liquidating Water and Sewer Utility. The Utility operates and maintains the local sewerage collection system which discharges into the Ocean County Utility Authority’s interceptor system for conveyance to regional treatment facilities. To date, the operation of the Utility has been entirely self-supporting and future operations are expected to continue without requiring ad valorem tax assistance from the Township.

Natural gas is provided by the New Jersey Natural Gas Company. Electricity is provided by Connectiv Energy.

### **Retirement Systems**

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

### **Pension Information\***

Employees, who are eligible to participate in a pension plan, are enrolled in the PERS or the PFRS, Department of the State of New Jersey. The State Division of Pensions annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

### **SUPERSTORM SANDY**

On October 29, 2012, Superstorm Sandy, then a Category 1 post-tropical cyclone, struck the southern Atlantic coast of New Jersey (the “Storm”). The resulting Storm surge and winds caused catastrophic damage to many coastal and riverfront communities, as well as widespread physical damage (including loss of electrical power and other utilities) throughout the State. In the days following the Storm, most schools and businesses – and many roads, bridges and public transportation systems – were closed.

Approximately 25% of all residential structures in the Township were impacted by the Storm, which equates to approximately 5,000 structures out of approximately 18,000 residential dwellings. Due to various degrees of water damage, the residential/commercial structures affected needed to be repaired or rebuilt for occupancy. In 2013, the Township completed a reassessment on all properties, resulting in a decrease in assessed valuation totaling \$778,416,560. Within that decrease was \$200,359,500 directly attributable to the Storm. The impact on the Township was a loss in property tax revenue of approximately \$1,800,000. In order to offset this revenue loss, the Township applied for and received

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\* Source: State Pension Systems, visit [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions)

approval for a FEMA Community Disaster Loan in the amount of \$5,000,000. As of December 31, 2016, the Township has utilized \$3,240,000 of this loan. The rebuilding of the lost ratable base has been ongoing and still continues. Assessed valuations have increased \$298,267,792 from 2013 to 2017.

Storm-related damage to Township-owned facilities and infrastructure amounted to (i) \$1,135,000 in damage to sewer pump stations and (ii) damage to a community center, which resulted in a total loss and is estimated at \$2,000,000 to rebuild. The Township has issued Bond Anticipation Notes to finance these capital costs and received settlement proceeds from its insurance company for capital related damage. The Township is now in the process of finalizing the reimbursable losses with FEMA.

The Township also incurred expenses relating to debris removal and emergency protective measures which were eligible for financial assistance from FEMA and originally estimated at \$5,865,000. In order to finance those extraordinary expenses, the Township had issued Special Emergency Notes on December 18, 2012. Fortunately, actual costs for debris removal were significantly less than original estimates and, in addition to receipt of FEMA reimbursements and insurance proceeds, the Township was able to pay off the Special Emergency Notes on December 11, 2014.

### **BOOK-ENTRY-ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and 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.

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

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

banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Bonds and 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and 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 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or its designated Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and 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 its designated 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 Township's designated 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 its designated 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 Notes at any time by giving reasonable notice to the Township or its designated Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note certificates will be printed and delivered 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 the Township takes no responsibility for the accuracy thereof.

**NEITHER THE TOWNSHIP NOR ITS DESIGNATED 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 BENEFICIAL OWNERS.**

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AND NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND 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 Notes, the following provisions apply: (i) the Bonds and Notes may be exchanged for an equal aggregate principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or its designated paying agent; (ii) the transfer of any Bonds and Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Township, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds and Notes, the Township or its designated 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 of the Bonds and Notes. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates. Interest on the Notes will be payable by check or draft, mailed on the maturity date of the Notes to the registered owners thereof as of the close of business on the day before the maturity date of the Notes.



## **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law generally governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, except for the issuance of refunding bonds. All bonds issued by the Township are general full faith and credit obligations.

### **Debt Limits**

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As indicated in Appendix "A", the Township has not exceeded its statutory 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 makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **Short Term Financing**

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

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

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation and drainage map preparation for flood control purposes which may be amortized over five years. Of

course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Appropriation "CAP"**

A provision of law known as the New Jersey "CAP Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The CAP formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and notes.

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

### **Tax Appeals**

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

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

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

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

### **School Debt Subject to Voter Approval**

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

## TAX MATTERS

### Federal

Bond Counsel will deliver, concurrently with the issuance of the Bonds and the Notes, separate opinions to the effect that under existing statutes, regulations, rulings and court decisions, interest on the Bonds and the Notes is excluded from gross income for federal income tax purposes. Interest paid on the Bonds and the Notes will not be a specific preference item for purposes of calculating individual or corporate alternative minimum taxable income; however, interest on the Bonds and the Notes is included in the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed on corporations. In addition, interest on the Bonds and the Notes may be included in a foreign corporation's effectively connected earnings and profits upon which certain foreign corporations are required to pay the foreign branch profits tax imposed under Section 884 of the Internal Revenue Code of 1986, as amended (the "Code").

Certain maturities of the Bonds have been offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Prospective purchasers of the Bonds should consult their tax advisers for an explanation of the treatment of original issue discount.

Certain maturities of the Bonds have been offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Prospective purchasers of the Bonds should consult their tax advisers for an explanation of the treatment of original issue premium.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds and the Notes. Ongoing requirements include, among other things, the provisions of Section 148 of the Code which prescribe yield and other limits within which the proceeds of the Bonds and the Notes are to be invested and which may require that certain excess earnings on investments made with the proceeds of the Bonds and the Notes be rebated on a periodic basis to the United States. The Township has made certain representations and undertaken certain agreements and covenants in the ordinances pursuant to which the Bonds and the Notes are being issued and its tax compliance agreement to be delivered concurrently with the issuance of the Bonds designed to ensure compliance with the applicable provisions of the Code. The inaccuracy of these representations or the failure on the part of the Township to comply with such covenants and agreements could result in the interest on the Bonds and the Notes being included in the gross income of a holder for federal income tax purposes, in certain cases retroactive to the date of original issuance of the Bonds and the Notes.

The opinion of Bond Counsel assumes the accuracy of these representations and the future compliance by the Township with its covenants and agreements. Moreover, Bond Counsel has not undertaken to evaluate, determine or inform any person, including any holder of the Bonds or the Notes, whether any actions taken or not taken, events occurring or not occurring, or other matters that might

come to the attention of Bond Counsel would adversely affect the value of, or tax status of the interest on, the Bonds or the Notes.

Ownership of the Bonds or the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds or the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds or the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds or the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds or the Notes should consult their tax advisers.

There can be no assurance that currently existing or future legislative proposals by the United States Congress limiting or further qualifying the excludability of interest on tax exempt bonds from gross income for federal tax purposes, or changes in federal tax policy generally, will not adversely affect the tax status of the interest on, or the market for, the Bonds and the Notes.

## **New Jersey**

Bond Counsel will also deliver an opinion to the effect that under existing law as enacted and construed on the date of such opinion, interest on the Bonds and the Notes and any gain from the sale of the Bonds and the Notes are excluded from gross income for purposes of the New Jersey Gross Income Tax Act.

The Bonds and the Notes and the interest thereon may be subject to state or local taxes in jurisdictions other than New Jersey under applicable state or local tax laws.

**PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND THE NOTES AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.**

## **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 institutional 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, moneys or other funds belonging to them or within their control in any bonds of the Township including the Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

## **CONTINUING DISCLOSURE FOR THE BONDS**

The Township has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the Township to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the

Township by its Chief Financial Officer, in the form appearing in APPENDIX "C" (the "Continuing Disclosure Certificate for the Bonds") attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

Within the five years immediately preceding the date of this Official Statement, the Township failed to file, in accordance with the Rule, in a timely manner: (i) its annual debt statement for fiscal year ending December 31, 2013; and (ii) certain underlying and bond insurer rating changes in 2013 and 2014. The Township's 2011, 2012 and 2013 operating data were included in the Official Statements dated May 22, 2012, December 12, 2013 and March 27, 2014, respectively, but were not indexed under the appropriate tab at the time of the original submission on EMMA. Such indexing has subsequently been revised and the appropriate notices have been filed. The Township appointed Phoenix Advisors, LLC as continuing disclosure agent in June of 2015.

#### **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Township with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix "D" (the "Form of Certificate of Compliance with Secondary Market Disclosure Requirements for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

#### **LITIGATION**

Upon delivery of the Bonds and Notes, the Township shall furnish a certificate of Dasti, Murphy, McGuckin, Ulaky, Koutsouris & Connors, Forked River, New Jersey (the "Township Attorney"), dated the date of delivery of the Bonds and Notes, to the effect that there is no litigation of any nature pending or, to the Township Attorney's knowledge, threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or Notes, or in any way contesting or affecting the validity of the Bonds or 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 Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by, or against, the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds or notes, which has not been disclosed in this Official Statement.

#### **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 U.S.C. Section 401, *et seq.*, as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter 9 permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter 9 directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of

the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter 9 does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the ordinances and the resolution of the Township and the Bonds and Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the ordinances and the resolution will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

### **CERTIFICATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds and Notes, by certificates signed by the Township Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date hereof, and as of the date of delivery of the Bonds and Notes, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.



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

GluckWalrath LLP has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA-/stable outlook" to the Bonds and is expected to assign a rating to the Notes after the date of this Official Statement.

The Rating Agency's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the rating described in the preceding paragraph. The Outlook is only the Rating Agency's forward-looking view of the Township. The Township has no obligation to treat any change in the Outlook as an "Event", as defined and described under the Rule or under the provisions of the Township's Continuing Disclosure Certificate, or to notify Bondholders as to any changes to the Outlook after the date hereof.

An explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, New York, New York, 10041. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by Rating Agency may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by Janney Montgomery Scott, LLC, Philadelphia, Pennsylvania (the "Bond Underwriter") at a price of \$17,736,641.25 (the "Purchase Price"). The Purchase Price reflects the aggregate principal amount of Bonds of \$16,160,000.00, plus a net original issue premium in the amount of \$1,648,391.65, and less an underwriter's discount in the amount of \$71,750.40.

The Notes have been purchased from the Township at a public sale by Jefferies LLC, New York, New York (the "Note Underwriter" and together with the Bond Underwriter, the "Underwriters") at a price of \$4,755,079.00.

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

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

### **MUNICIPAL ADVISOR**

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

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of GluckWalrath LLP, Red Bank, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix "E" and Appendix "F", respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

### **FINANCIAL STATEMENTS**

Appendix "B" contains certain unaudited financial data of the Township extracted from the Annual Financial Statement prepared by the Township for the Township's fiscal year ending December 31, 2016 and certain audited financial data of the Township for the Township's fiscal year ending December 31, 2015. The audited financial data were provided by Holman Frenia Allison, P.C., Medford, New Jersey, to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 260 E. Bay Avenue, Manahawkin, NJ 08050-3498, telephone (609) 597-1000, or to its Municipal Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

## **MISCELLANEOUS**

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

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

**TOWNSHIP OF STAFFORD,  
IN THE COUNTY OF OCEAN, NEW JERSEY**

**By: /s/ Douglas R. Gannon**

Douglas R. Gannon,  
Chief Financial Officer

**Dated:** April 26, 2017

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**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE TOWNSHIP**

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## **INFORMATION REGARDING THE TOWNSHIP**

The following material presents certain statistical information of the Township of Stafford (the “Township”).

### **Employment and Unemployment Comparisons**

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State of New Jersey:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2016	13,075	12,387	688	5.3%
2015	12,994	12,226	768	5.9%
2014	12,892	11,946	946	7.3%
2013	12,936	11,789	1,147	8.9%
2012	13,210	11,784	1,426	10.8%
<b><u>County</u></b>				
2016	268,849	254,769	14,080	5.2%
2015	267,960	251,364	16,596	6.2%
2014	266,318	246,724	19,594	7.4%
2013	265,984	241,376	24,608	9.3%
2012	268,647	240,118	28,529	10.6%
<b><u>State</u></b>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

### **Income (as of 2010)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$68,250	\$59,620	\$69,811
Median Family Income	80,059	73,672	84,904
Per Capita Income	31,690	29,826	34,858

Source: US Bureau of the Census 2010

## **Population**

The following tables summarize population for the Township, the County, and the State.

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2010	26,535	17.77	576,567	12.85	8,791,894	4.49
2000	22,532	69.10	510,916	17.94	8,414,350	8.85
1990	13,325	28.31	433,203	25.19	7,730,188	4.96
1980	10,385	181.89	346,038	65.99	7,365,001	2.75
1970	3,684	90.88	208,470	92.60	7,168,164	18.15

Source: United States Department of Commerce, Bureau of the Census

## **Largest Taxpayers**

The (10) ten largest taxpayers in the Township and their assessed valuations are listed below:

<b><u>Taxpayers</u></b>	<b><u>2016 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
72 Associates - Shoprite	\$32,288,500	0.84%
Southern Ocean County Hospital	28,518,700	0.74%
Costco	21,871,200	0.57%
Target	20,188,800	0.52%
ACI Manahawkin LLC	18,846,300	0.49%
Stafford Prop Urban Rnwl c/o Walters	17,891,651	0.46%
Stafford Prop Apartment c/o Walters	17,100,000	0.44%
321 Martin Truex Jr. Blvd. LLC	16,276,400	0.42%
81 Associates	15,761,900	0.41%
Davis and Associates	<u>15,504,800</u>	<u>0.40%</u>
<b>Total</b>	<b><u>\$204,248,251</u></b>	<b><u>5.31%</u></b>

Source: School District Comprehensive Annual Financial Report and Municipal Tax Assessor



## **Summary of Adopted Municipal Budgets**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Fund Balance Utilized	\$2,900,000	\$2,500,000	\$3,500,000	\$4,000,000	\$3,500,000
Miscellaneous Revenues	8,139,060	8,051,777	6,478,808	5,568,210	6,535,590
Receipts from Delinquent Taxes	700,000	500,000	500,000	500,000	500,000
Amount to be Raised by Taxation	<u>31,474,900</u>	<u>32,084,905</u>	<u>32,718,425</u>	<u>34,055,937</u>	<u>35,147,639</u>
Total Revenue:	<u>\$43,213,961</u>	<u>\$43,136,683</u>	<u>\$43,197,233</u>	<u>\$44,124,147</u>	<u>\$45,683,229</u>

## **Appropriations**

General Appropriations	\$32,036,824	\$32,348,862	\$32,479,820	\$34,343,197	\$34,574,555
Operations (Excluded from CAPS)	807,243	562,367	503,391	386,421	365,093
Deferred Charges and Statutory Expenditur	1,173,000	1,255,000	285,000	0	0
Capital Improvement Fund	126,221	141,274	100,000	100,000	325,000
Municipal Debt Service	6,952,963	6,746,539	7,679,964	7,086,714	8,110,909
Reserve for Uncollected Taxes	<u>2,117,709</u>	<u>2,082,641</u>	<u>2,149,059</u>	<u>2,207,814</u>	<u>2,307,672</u>
Total Appropriations:	<u>\$43,213,961</u>	<u>\$43,136,683</u>	<u>\$43,197,233</u>	<u>\$44,124,147</u>	<u>\$45,683,229</u>

## **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2016U	\$90,747,342	\$89,902,074	99.07%
2015	86,552,131	85,762,956	99.09%
2014	84,224,610	83,415,651	99.04%
2013	81,195,429	80,583,706	99.25%
2012	83,741,041	82,562,340	98.59%

U=Unaudited

Source: Annual Audit Reports of the Township

## **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2016U	\$196,928	\$737,904	\$934,833	1.03%
2015	161,360	628,591	789,951	0.91%
2014	137,681	720,965	858,646	1.02%
2013	104,555	576,923	681,478	0.84%
2012	118,833	947,513	1,066,346	1.27%

U=Unaudited

Source: Annual Audit Reports of the Township

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2016U	\$186,650
2015	186,650
2014	186,650
2013	186,650
2012	288,350

Source: Annual Audit Reports of the Township

### **Tax Rates per \$100 of Net Valuations Taxable and Allocations**

The table below lists the tax rates for the past five (5) years.

<b><u>Year</u></b>	<b><u>County</u></b>	<b><u>Library</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>Municipal</u></b>	<b><u>Municipal Open Space</u></b>	<b><u>Total</u></b>
2016	\$0.405	\$0.041	\$0.752	\$0.236	\$0.885	\$0.010	\$2.329
2015	0.387	0.039	0.728	0.223	0.860	0.010	2.247
2014	0.387	0.041	0.734	0.236	0.874	0.003	2.275
2013R	0.376	0.040	0.717	0.238	0.874	0.002	2.247
2012	0.342	0.036	0.598	0.214	0.707	0.010	1.907

R=Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Taxes

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
2016	\$3,844,385,950	\$4,175,503,367	92.07%	\$4,652,450	\$4,180,155,817
2015	3,797,755,850	4,052,236,289	93.72	5,020,393	4,057,256,682
2014	3,665,067,900	3,923,635,478	93.41	4,856,102	3,928,491,580
2013R	3,595,342,500	3,982,435,202	90.28	5,771,621	3,988,206,823
2012	4,373,613,000	4,219,597,685	103.65	6,142,881	4,225,740,566

R=Revaluation

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2016	\$82,398,900	\$3,264,430,450	\$1,010,300	\$490,573,100	\$672,200	\$5,301,000	\$3,844,385,950
2015	81,794,000	3,207,651,650	1,000,100	501,336,900	672,200	5,301,000	3,797,755,850
2014	83,046,000	3,072,774,600	974,700	502,311,300	672,200	5,289,100	3,665,067,900
2013	85,750,100	2,998,631,600	973,400	504,026,100	672,200	5,289,100	3,595,342,500
2012	119,809,000	3,787,904,100	894,300	459,327,500	712,700	4,965,400	4,373,613,000

R=Revaluation

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## Township Indebtedness as of December 31, 2016

### **General Purpose Debt**

Serial Bonds	\$45,190,000
Bond Anticipation Notes	13,022,000
Bonds and Notes Authorized but Not Issued	4,085,000
Other Bonds, Notes and Loans	<u>2,892,489</u>
Total:	\$65,189,489

### **Local School District Debt**

Serial Bonds	\$7,899,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>10,139,398</u>
Total:	\$18,038,398

### **Self-Liquidating Debt**

Serial Bonds	\$30,346,000
Bond Anticipation Notes	6,676,000
Bonds and Notes Authorized but Not Issued	6,310,672
Other Bonds, Notes and Loans	<u>19,216,781</u>
Total:	\$62,549,453

### **TOTAL GROSS DEBT**

**\$145,777,340**

Less: Statutory Deductions	
General Purpose Debt	\$2,352,511
Local School District Debt	18,038,398
Self-Liquidating Debt	<u>62,549,453</u>
Total:	\$82,940,362

### **TOTAL NET DEBT**

**\$62,836,978**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2016)<sup>1</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$18,038,398	100.00%	\$18,038,398
Ocean County	457,267,841	4.35%	19,879,459
Ocean County Utilities Authority	186,183,673	4.35%	<u>8,094,229</u>
Net Indirect Debt			\$46,012,086
Net Direct Debt			<u>62,836,978</u>
Total Net Direct and Indirect Debt			<b><u>\$108,849,065</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2014, 2015, 2016)	\$4,050,458,378
Permitted Debt Limitation (3 1/2%)	141,766,043
Less: Net Debt	<u>62,836,978</u>
Remaining Borrowing Power	<b><u>\$78,929,065</u></b>
Percentage of Net Debt to Average Equalized Valuation	1.551%
 Gross Debt Per Capita based on 2010 population of 26,535	 \$5,494
Net Debt Per Capita based on 2010 population of 26,535	\$2,368

Source: Annual Debt Statement of the Township

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<sup>1</sup> Township percentage based on the Township's share of total equalized valuation in the County

**APPENDIX B**  
**FINANCIAL INFORMATION OF THE TOWNSHIP**

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**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT ACCOUNTANT'S COMPILATION  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members  
of the Township Committee  
Township of Stafford  
County of Ocean  
Stafford, New Jersey

We have compiled the accompanying statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Stafford, County of Ocean, State of New Jersey as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for 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.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws 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 these 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.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Rodney R. Haines  
Certified Public Accountant  
Registered Municipal Accountant  
CR #498

April 17, 2017  
Toms River, New Jersey

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## **BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents - Treasurer	\$ 13,476,392.90	\$ 12,039,159.38	Appropriation Reserves	\$ 1,735,620.10	\$ 2,034,081.05
Cash - Change Fund	<u>300.00</u>	<u>300.00</u>	Encumbrances Payable	230,822.70	218,053.09
			Accounts Payable	4,375.80	22,352.69
	<u>13,476,692.90</u>	<u>12,039,459.38</u>	Payroll Deductions Payable	171,698.30	181,662.78
			Prepaid Taxes	787,134.40	683,468.58
			County Taxes Payable	211,160.99	209,152.60
Taxes Receivable	737,904.35	628,590.93	Local District School Tax Payable	1,989,662.00	1,288,055.98
Tax Title Liens Receivable	196,928.39	161,359.82	Regional School Tax Payable	410,385.37	109,985.37
Revenue Accounts Receivable	29,174.42	6,382.89	Tax Overpayments Payable	36,513.60	35,023.08
Due From Animal Control Fund			Due To State of New Jersey - Senior		
Property Acquired for Taxes -			Citizens' and Veterans' Deductions	1,460.97	2,531.43
Assessed Valuation	<u>186,650.00</u>	<u>186,650.00</u>	Due To Grant Fund	176,122.66	142,325.93
			Reserve for:		
	186,650.00		Tax Appeals	149,819.69	187,130.40
	<u>1,150,657.16</u>	<u>1,012,854.48</u>	Sale of Municipal Assets	193,298.25	193,298.25
			FEMA Community Disaster Loan Payable	3,309,642.20	3,285,358.91
Deferred Charges:					
Future Taxation Unfunded - CDL	<u>3,309,642.20</u>	<u>3,285,358.91</u>		9,407,717.03	8,592,480.14
			Reserve for Receivables and Other Assets	1,150,657.16	1,012,854.48
	<u>3,309,642.20</u>	<u>3,285,358.91</u>	Fund Balance	7,378,618.07	6,732,338.15
	<u>17,936,992.26</u>	<u>16,337,672.77</u>		<u>17,936,992.26</u>	<u>16,337,672.77</u>
Grant Fund:			Grant Fund:		
State and Federal Grants Receivable	43,133.61	21,534.38	Encumbrances Payable	3,751.61	12,098.80
Due From Current Fund	<u>176,122.66</u>	<u>142,325.93</u>	Reserve for Grant Expenditures -		
			Appropriated	215,504.66	151,761.51
	<u>219,256.27</u>	<u>163,860.31</u>		<u>219,256.27</u>	<u>163,860.31</u>
Total Assets	<u>\$ 18,156,248.53</u>	<u>\$ 16,501,533.08</u>	Total Liabilities, Reserves and Fund Balance	<u>\$ 18,156,248.53</u>	<u>\$ 16,501,533.08</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 4,000,000.00	\$ 3,500,000.00
Miscellaneous Revenue Anticipated	6,248,572.29	6,659,828.65
Receipts From Delinquent Taxes	610,745.84	723,934.86
Receipts From Current Taxes	89,902,073.66	85,762,956.26
Non-Budget Revenues	580,745.68	770,470.35
Other Credits To Income:		
Unexpended Balance of Appropriation		
Reserves	1,068,681.89	1,298,926.04
Interfunds Returned	6,382.89	
Accounts Payable Cancelled	19,235.69	
	<hr/>	<hr/>
Total Revenues	102,436,437.94	98,716,116.16
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Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	17,620,537.75	16,994,950.00
Other Expenses	12,439,792.54	12,601,369.14
Capital Improvements	100,000.00	100,000.00
Deferred Charges and Statutory		
Expenditures	4,842,003.06	3,768,003.50
Debt Service	7,005,587.26	7,548,244.07
Prior Year Senior Citizens' Disallowed	7,767.12	9,750.00
Interfunds Advanced		6,382.89
Refund of Prior Year Revenue	128.28	
County Taxes	17,133,433.21	16,179,632.68
County Share of Added Taxes	211,160.99	209,152.60
Local District School Tax	28,943,151.00	27,672,843.00
Regional School Tax	9,096,947.00	8,496,147.00
Municipal Open Space Tax	389,649.81	384,970.19
	<hr/>	<hr/>
Total Expenditures	97,790,158.02	93,971,445.07
	<hr/>	<hr/>
Statutory Excess	4,646,279.92	4,744,671.09
Fund Balance, January 1	6,732,338.15	5,487,667.06
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	11,378,618.07	10,232,338.15
Decreased By:		
Utilized as Anticipated Revenue	4,000,000.00	3,500,000.00
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Fund Balance, December 31	\$ 7,378,618.07	\$ 6,732,338.15
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See independent accountant's compilation report and the accompanying notes to the financial statements.



**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Anticipated</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 4,000,000.00	\$ 4,000,000.00	\$
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	30,000.00	30,450.00	450.00
Fees and Permits	25,000.00	43,210.00	18,210.00
Fines and Costs:			
Municipal Court	430,000.00	447,821.10	17,821.10
Interest and Cost on Taxes	190,000.00	184,277.40	(5,722.60)
Fire Prevention Bureau Fees	85,000.00	96,465.16	11,465.16
Mobile Home Park Fees	130,000.00	142,817.40	12,817.40
Payments in Lieu of Taxes - Federal	12,071.00	12,692.00	621.00
Cable TV Fee and Lease	126,046.88	126,046.88	
PILOT - Target, Costco, etc.	240,000.00	277,701.45	37,701.45
Energy Receipts Tax	2,465,920.00	2,465,920.00	
Supplemental Energy Receipts Tax	104,286.00	104,286.00	
Garden State Preservation Trust Fund	36,666.00	36,666.00	
Uniform Construction Code Fees	625,000.00	926,742.60	301,742.60
Shared Services Agreement -			
Animal Control:			
Township of Long Beach	16,800.00	17,169.50	369.50
Borough of Beach Haven	5,000.00	5,607.50	607.50
Borough of Barnegat Light	2,900.00	3,585.50	685.50
Borough of Harvey Cedars	2,800.00	4,260.00	1,460.00
Shared Services Agreement -			
Construction:			
Township of Eagleswood	30,000.00	43,927.00	13,927.00
Borough of Beach Haven	40,000.00	42,587.46	2,587.46
Borough of Surf City	30,000.00	43,920.00	13,920.00
Borough of Harvey Cedars	15,000.00	34,969.00	19,969.00
Ocean County Cooperative Pricing System	15,000.00	16,500.00	1,500.00
Reserve To Pay Bonds	80,704.55	80,704.55	
Capital Surplus	215,000.00	215,000.00	
Reserve To Pay Notes	139,106.38	139,106.38	
PILOT - Stafford Preserve	400,000.00	457,515.63	57,515.63
Recycling Tonnage Grant	47,660.07	47,660.07	
Drunk Driving Enforcement Fund	42,603.60	42,603.60	
Clean Communities Program	89,840.43	89,840.43	
Alcohol Education and Rehabilitation Fund	5,680.55	5,680.55	
Municipal Alliance on Alcoholism and Drug Abuse	28,249.00	28,249.00	
2014 Body Armor Replacement Fund	4,590.13	4,590.13	
Community Development Block Grant	20,000.00	20,000.00	
Click It or Ticket	5,000.00	5,000.00	
Drive Sober or Get Pulled Over - Holiday Crackdown	5,000.00	5,000.00	
Total Miscellaneous Revenues	<u>5,740,924.59</u>	<u>6,248,572.29</u>	<u>507,647.70</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Anticipated</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Receipts From Delinquent Taxes	<u>500,000.00</u>	<u>610,745.84</u>	<u>110,745.84</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>34,055,936.71</u>	<u>36,335,545.66</u>	<u>2,279,608.95</u>
Budget Totals	44,296,861.30	47,194,863.79	2,898,002.49
Non-Budget Revenues		<u>580,745.68</u>	<u>580,745.68</u>
	<u>\$ 44,296,861.30</u>	<u>\$ 47,775,609.47</u>	<u>\$ 3,478,748.17</u>
Revenue Accounts Receivable		\$ 5,999,948.51	
Grants Receivable		<u>248,623.78</u>	
		<u>\$ 6,248,572.29</u>	
Summary of Revenue Realized:			
Allocation of Current Tax Revenues:			
Allocation of Current Tax Collections:			
Revenue From Collections		\$ 89,902,073.66	
Allocated To School and County Taxes		<u>55,774,342.01</u>	
Balance for Support of Municipal Appropriations		34,127,731.65	
Increased By:			
Appropriation Reserve for Uncollected Taxes		<u>2,207,814.01</u>	
Amount for Support of Municipal Budget Appropriations		<u>\$ 36,335,545.66</u>	

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**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

Analysis of Non-Budget Revenues

Peddler and Taxi Licenses	\$ 3,560.00
Raffle/Bingo Licenses	6,485.00
Food-Handlers License	12,499.98
Vital Statistics	25,960.00
Tax Searches	20.00
Xerox Copies	891.70
FEMA Reimbursement - Sandy (Volunteer Services)	42,416.13
Land Use - Zoning Fees	40.00
Administration Fees - Site Plans	8,900.00
Variance Lists	990.00
Towing Fees	680.00
Ocean County Recycling Revenue Sharing	29,005.79
Pool Licenses	550.00
Street Opening Permits	16,770.00
Labor Liens	11,644.99
Police Reports	2,035.55
Police Outside Employment Administrative Fee	128,671.01
Interest on Investments and Deposits	40,567.06
Trash Containers	600.00
Returned Check Charge Fees	366.00
Cat Licenses	9,337.80
Court Reporter - Planning and Zoning	6,200.00
Miscellaneous	
2% Administrative Payment	7,779.03
Miscellaneous Refunds and Reimbursements	76,505.30
Restitution	4,165.95
Penalty - Building Department	550.00
Recycled Material	6,156.65
PILOT - Presbyterian Homes	31,570.89
PILOT - Stafford Family Apartments	47,192.20
PILOT - Stafford Properties Urban Development	29,564.48
Tax Sale Premiums	2,700.00
Auction Proceeds	9,595.95
FEMA Reimbursement - Sandy (Storm Recovery Center)	3,705.30
LOSAP and FSA Forfeitures	5,176.77
Voided Checks - Municipal Court	285.50
JIF Award	250.00
Carfax Reports	771.65
Change Fund Returned - Police Records	50.00
Firearms Application Fees	3,184.00
Shared Services (Animal Control) - Ship Bottom	308.00
DMV Inspection Fines	3,043.00
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	\$ 580,745.68
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See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS					
Operations - Within "CAPS"					
GENERAL GOVERNMENT					
General Administration:					
Salaries and Wages	\$ 236,000.00	\$ 228,000.00	\$ 221,692.84	\$ 6,307.16	\$
Other Expenses	9,050.00	9,050.00	8,617.57	432.43	
Purchasing:					
Salaries and Wages	151,000.00	151,000.00	150,643.56	356.44	
Other Expenses	10,550.00	10,550.00	9,937.21	612.79	
Human Resources:					
Other Expenses	25,000.00	28,000.00	26,654.74	1,345.26	
Mayor and Council:					
Salaries and Wages	127,000.00	127,000.00	126,589.65	410.35	
Other Expenses	3,050.00	3,050.00	2,627.79	422.21	
Municipal Clerk:					
Salaries and Wages	259,500.00	259,500.00	240,677.04	18,822.96	
Other Expenses	33,050.00	33,050.00	29,134.82	3,915.18	
Elections	3,000.00	3,000.00	2,818.49	181.51	
Financial Administration (Treasury):					
Salaries and Wages	425,500.00	425,500.00	365,593.91	59,906.09	
Other Expenses	16,000.00	16,000.00	15,994.46	5.54	
Audit Services:					
Other Expenses	40,000.00	40,000.00	38,345.00	1,655.00	
Banking and Arbitrage Rebate Services:					
Other Expenses	17,500.00	17,500.00	17,500.00		
Computerized Data Processing:					
Salaries and Wages	130,000.00	131,000.00	130,213.56	786.44	
Other Expenses	146,800.00	146,800.00	107,856.22	38,943.78	
Revenue Administration (Tax Collection):					
Salaries and Wages	360,000.00	360,000.00	341,329.52	18,670.48	
Other Expenses	68,740.00	68,740.00	48,186.44	20,553.56	
Tax Assessment Administration:					
Salaries and Wages	385,000.00	387,000.00	386,705.48	294.52	
Other Expenses	162,500.00	159,500.00	38,666.91	120,833.09	
Legal Services (Legal Department):					
Other Expenses	150,000.00	150,000.00	137,496.64	12,503.36	
Engineering Services:					
Other Expenses	198,500.00	198,500.00	169,213.19	29,286.81	
Municipal Alliance:					
Salaries and Wages	44,937.75	32,437.75	32,379.57	58.18	
Community Development and Zoning:					
Salaries and Wages	207,000.00	207,000.00	201,088.60	5,911.40	
Other Expenses	16,550.00	16,550.00	16,296.73	253.27	
Historic Sites Office:					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	900.00	900.00	823.57	76.43	

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	4,400.00	4,400.00	3,700.87	699.13	
Other Expenses	11,615.00	11,615.00	10,711.54	903.46	
Zoning Board of Adjustment:					
Salaries and Wages	3,500.00	3,500.00	2,027.92	1,472.08	
Other Expenses	10,250.00	10,250.00	9,591.77	658.23	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Uniform Construction Code Enforcement:					
Salaries and Wages	770,000.00	770,000.00	726,250.37	43,749.63	
Other Expenses	12,000.00	12,000.00	11,770.52	229.48	
Other Code Enforcement Functions:					
Salaries and Wages	212,000.00	212,000.00	135,580.50	76,419.50	
Other Expenses	2,800.00	2,800.00	2,669.60	130.40	
<b>INSURANCE</b>					
General Liability	467,081.90	467,081.90	400,880.81	66,201.09	
Workers Compensation	385,405.42	385,405.42	385,405.42		
Employee Group Health	5,468,750.00	5,468,750.00	5,345,763.20	122,986.80	
Unemployment/Disability Insurance	57,500.00	57,500.00	57,500.00		
<b>PUBLIC SAFETY</b>					
Police Department:					
Salaries and Wages	8,256,000.00	8,208,700.00	7,944,043.43	264,656.57	
Other Expenses	497,461.00	544,761.00	524,145.10	20,615.90	
Office of Emergency Management:					
Other Expenses	3,250.00	3,250.00	3,248.14	1.86	
Aid To Volunteer Fire Companies	90,000.00	90,000.00	90,000.00		
Aid To Volunteer Ambulance Companies	70,000.00	70,000.00	70,000.00		
Uniform Fire Safety:					
Salaries and Wages	129,000.00	129,000.00	106,744.31	22,255.69	
Other Expenses	5,900.00	5,900.00	4,993.96	906.04	
Municipal Prosecutor's Office:					
Other Expenses	48,000.00	48,000.00	45,596.25	2,403.75	
New Jersey Public Employees Safety and Health	30,500.00	30,500.00	26,017.12	4,482.88	

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance:					
Salaries and Wages	1,035,000.00	1,042,000.00	1,041,115.23	884.77	
Other Expenses	141,450.00	111,450.00	108,490.16	2,959.84	
Solid Waste Collection:					
Salaries and Wages	1,656,000.00	1,656,000.00	1,652,647.67	3,352.33	
Other Expenses	42,900.00	42,900.00	42,786.52	113.48	
Buildings and Grounds:					
Salaries and Wages	1,197,000.00	1,267,000.00	1,232,116.95	34,883.05	
Other Expenses	205,750.00	215,750.00	215,404.70	345.30	
Vehicle Maintenance:					
Salaries and Wages	624,000.00	617,000.00	590,872.58	26,127.42	
Other Expenses	632,350.00	652,350.00	622,155.21	30,194.79	
Municipal Bus Service:					
Salaries and Wages	235,000.00	235,000.00	211,165.72	23,834.28	
Other Expenses	5,350.00	5,350.00	4,654.18	695.82	
<b>HEALTH AND HUMAN SERVICES</b>					
Environmental Health Services:					
Salaries and Wages	4,000.00	4,000.00	2,753.31	1,246.69	
Other Expenses	1,740.00	1,740.00	1,332.78	407.22	
Animal Control Services:					
Salaries and Wages	144,500.00	144,500.00	135,109.65	9,390.35	
Other Expenses	28,725.00	28,725.00	26,710.51	2,014.49	
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs:					
Salaries and Wages	392,500.00	405,000.00	392,803.74	12,196.26	
Other Expenses	43,400.00	43,400.00	38,977.12	4,422.88	
Beach and Boardwalk Operations:					
Salaries and Wages	30,000.00	30,000.00	30,000.00	800.00	
Other Expenses	800.00	800.00			
Celebration of Public Events:					
Other Expenses	41,000.00	41,000.00	38,720.57	2,279.43	
Municipal Court:					
Salaries and Wages	431,000.00	431,000.00	418,386.80	12,613.20	
Other Expenses	17,050.00	17,050.00	16,896.99	153.01	
Public Defender:					
Other Expenses	28,000.00	36,000.00	36,000.00		

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>UNCLASSIFIED</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	319,437.00	319,437.00	263,655.98	55,781.02	
Street Lighting	500,000.00	500,000.00	444,322.48	55,677.52	
Telephone (excluding telephone acquisition)	150,000.00	150,000.00	149,941.64	58.36	
Water	8,000.00	8,000.00	5,582.00	2,418.00	
Gas (natural or propane)	63,000.00	63,000.00	45,338.39	17,661.61	
Telecommunications Costs	200.00	200.00	151.41	48.59	
Sewerage Processing and Disposal	15,600.00	15,600.00	12,242.33	3,357.67	
Gasoline	466,500.00	346,401.19	210,724.58	135,676.61	
Landfill/Solid Waste Disposal Costs	1,385,000.00	1,315,000.00	1,202,806.14	112,193.86	
Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00		
<b>Total Operations - Within "CAPS"</b>	<b>29,618,293.07</b>	<b>29,501,194.26</b>	<b>27,977,589.68</b>	<b>1,523,604.58</b>	
<b>Detail:</b>					
Salaries and Wages	17,460,337.75	17,478,037.75	16,832,232.78	645,804.97	
Other Expenses	12,157,955.32	12,023,156.51	11,145,356.90	877,799.61	
<b>STATUTORY EXPENDITURES</b>					
Contribution To:					
Public Employees Retirement System	917,555.25	959,903.01	959,903.01		
Social Security System (O.A.S.I.)	1,275,000.00	1,275,000.00	1,178,384.27	96,615.73	
Police and Firemen's Retirement System of NJ	2,527,349.00	2,602,100.05	2,602,100.05		
Defined Contribution Retirement Program	5,000.00	5,000.00	2,075.16	2,924.84	
<b>Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"</b>	<b>4,724,904.25</b>	<b>4,842,003.06</b>	<b>4,742,462.49</b>	<b>99,540.57</b>	
<b>Total General Appropriations for Municipal Purposes - Within "CAPS"</b>	<b>34,343,197.32</b>	<b>34,343,197.32</b>	<b>32,720,052.17</b>	<b>1,623,145.15</b>	
Length of Service Award Program	106,950.00	106,950.00		106,950.00	
Recycling Tax	49,000.00	49,000.00	48,475.05	524.95	
<b>Total Operations - Excluded From "CAPS"</b>	<b>155,950.00</b>	<b>155,950.00</b>	<b>48,475.05</b>	<b>107,474.95</b>	

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Shared Service Agreements:					
Animal Control:					
Township of Long Beach:					
Salaries and Wages	16,800.00	16,800.00	16,800.00		
Borough of Beach Haven:					
Salaries and Wages	5,000.00	5,000.00	5,000.00		
Borough of Barnegat Light:					
Salaries and Wages	2,900.00	2,900.00	2,900.00		
Borough of Harvey Cedars:					
Salaries and Wages	2,800.00	2,800.00	2,800.00		
Construction:					
Township of Eagleswood					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Borough of Beach Haven:					
Salaries and Wages	40,000.00	40,000.00	40,000.00		
Borough of Surf City					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Borough of Harvey Cedars:					
Salaries and Wages	15,000.00	15,000.00	15,000.00		
Total Shared Service Agreements	142,500.00	142,500.00	142,500.00		
 PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
Recycling Tonnage Grant	47,660.07	47,660.07	47,660.07		
Ocean County Municipal Alliance	28,249.00	28,249.00	28,249.00		
Municipal Alliance - Local Match	7,062.25	7,062.25	7,062.25		
Clean Communities Program	89,840.43	89,840.43	89,840.43		
Drunk Driving Enforcement Fund	42,603.60	42,603.60	42,603.60		
Alcohol Education/Rehabilitation Grant	5,680.55	5,680.55	5,680.55		
Community Development Block Grant	20,000.00	20,000.00	20,000.00		
Click It or Ticket	5,000.00	5,000.00	5,000.00		
Drive Sober or Get Pulled Over	5,000.00	5,000.00	5,000.00		
Local Match for Future Grants	5,000.00	5,000.00		5,000.00	
Body Armor Replacement Fund	4,590.13	4,590.13	4,590.13		
Total Public and Private Programs Offset By Revenues	260,686.03	260,686.03	255,686.03	5,000.00	
Total Operations - Excluded From "CAPS"	559,136.03	559,136.03	446,661.08	112,474.95	



**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Detail:					
Salaries and Wages	142,500.00	142,500.00	142,500.00		
Other Expenses	416,636.03	416,636.03	304,161.08	112,474.95	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Total Capital Improvements - Excluded From "CAPS"	100,000.00	100,000.00	100,000.00		
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	4,840,000.00	4,840,000.00	4,840,000.00		
Payment of Bond Anticipation Notes	140,000.00	140,000.00	140,000.00		
Interest on Bonds	1,625,815.00	1,625,815.00	1,578,439.27		47,375.73
Interest on Notes	135,000.00	135,000.00	132,340.65		2,659.35
Green Acres Trust Loan Program:					
Loan Repayments for Principal and Interest	345,898.94	345,898.94	314,807.34		31,091.60
Total Municipal Debt Service - Excluded From "CAPS"	7,086,713.94	7,086,713.94	7,005,587.26		81,126.68
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	7,745,849.97	7,745,849.97	7,552,248.34	112,474.95	81,126.68
Subtotal General Appropriations	42,089,047.29	42,089,047.29	40,272,300.51	1,735,620.10	81,126.68
Reserve for Uncollected Taxes	2,207,814.01	2,207,814.01	2,207,814.01		
Total General Appropriations	\$ 44,296,861.30	\$ 44,296,861.30	\$ 42,480,114.52	\$ 1,735,620.10	\$ 81,126.68
Budget as Adopted	\$ 44,124,146.59				
Added By N.J.S. 40A:4-87	172,714.71				
	\$ 44,296,861.30				
Analysis of Paid or Charged					
Cash Disbursements			\$ 39,785,791.78		
Encumbrances Payable			230,822.70		
Reserve for:					
Uncollected Taxes			2,207,814.01		
Grant Expenditures - Appropriated			255,686.03		
			\$ 42,480,114.52		

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**TRUST FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities and Reserves</u>	<u>2016</u>	<u>2015</u>
Animal Control Fund:			Animal Control Fund:		
Cash	\$ 50,208.90	\$ 55,590.89	Reserve for Animal Control Fund Expenditures Due To Current Fund	\$ 50,201.10	\$ 49,190.60
			Due To State of New Jersey Department of Health	7.80	17.40
				<u>50,208.90</u>	<u>55,590.89</u>
Trust - Other Fund:			Trust - Other Fund:		
Cash	6,935,033.08	6,514,849.86	Reserve for:		
			Landfill Tax Escrow	414,960.11	415,092.67
			Cash Surety Bonds	1,176,699.06	1,040,430.68
			Developers' Escrow Deposits	1,361,678.39	1,304,628.90
			Municipal Alliance Program Income	28,455.97	30,290.26
			Various Reserves	3,953,239.55	3,724,407.35
	<u>6,935,033.08</u>	<u>6,514,849.86</u>		<u>6,935,033.08</u>	<u>6,514,849.86</u>
Open Space Trust Fund:			Open Space Trust Fund:		
Cash and Cash Equivalents	507,177.01	621,926.57	Reserve for Open Space Fund Expenditures	507,177.01	621,926.57
	<u>507,177.01</u>	<u>621,926.57</u>		<u>507,177.01</u>	<u>621,926.57</u>
Length of Service Award Program Fund ("LOSAP"):			Length of Service Award Program Fund ("LOSAP"):		
Investments	1,111,805.04	1,027,307.72	Miscellaneous Reserves	1,111,805.04	1,027,307.72
	<u>1,111,805.04</u>	<u>1,027,307.72</u>		<u>1,111,805.04</u>	<u>1,027,307.72</u>
Total Assets	\$ 8,604,224.03	\$ 8,219,675.04	Total Liabilities and Reserves	\$ 8,604,224.03	\$ 8,219,675.04
	<u>\$ 8,604,224.03</u>	<u>\$ 8,219,675.04</u>		<u>\$ 8,604,224.03</u>	<u>\$ 8,219,675.04</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS  
December 31, 2016 and 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 6,546,932.86	\$ 7,403,375.32	Serial Bonds	\$ 45,190,000.00	\$ 50,685,000.00
Grants Receivable - NJ DOT	372,500.00	190,000.00	Bond Anticipation Notes	13,022,000.00	8,872,000.00
			Encumbrances Payable	2,160,302.38	3,505,562.92
	6,919,432.86	7,593,375.32	Loans Payable	2,892,489.03	3,174,563.58
			Improvement Authorizations:		
			Funded	169,088.64	888,657.62
			Unfunded	6,494,678.63	26,799,504.78
			Capital Improvement Fund	36,026.00	87,185.00
			Reserve for:		
Deferred Charges To Future Taxation:			Debt Service	1,208,760.82	219,810.93
Funded	48,082,489.03	53,859,563.58	Developer's Contributions	42,000.00	42,000.00
Unfunded	17,107,000.00	33,697,000.00	Reserve for Grants Receivable	128,750.00	47,500.00
	65,189,489.03	87,556,563.58	Fund Balance	764,826.39	828,154.07
Total Assets	\$ 72,108,921.89	\$ 95,149,938.90	Total Liabilities, Reserves and Fund Balance	\$ 72,108,921.89	\$ 95,149,938.90

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY  
GENERAL CAPITAL FUND  
STATEMENT OF CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS  
Year ended December 31, 2016**

Balance, December 31, 2015		\$	828,154.07
Increased By:			
Cancelled Funded Improvement Authorizations	\$	3,612.18	
Premium on Note Sale		<u>148,060.14</u>	
			<u>151,672.32</u>
			979,826.39
Decreased By:			
Anticipated Revenue in Current Fund			<u>215,000.00</u>
Balance, December 31, 2016		\$	<u><u>764,826.39</u></u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**WATER/SEWER UTILITY FUND**  
**COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS**  
**December 31, 2016 and 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>2016</u>	<u>2015</u>
Operating Fund:			Operating Fund:		
Cash and Cash Equivalents	\$ 7,476,237.63	\$ 6,114,412.66	Liabilities:	\$ 510,377.97	\$ 412,338.57
Cash - Change Fund	300.00	300.00	Appropriation Reserves	44,856.59	32,887.95
	7,476,537.63	6,114,712.66	Encumbrances Payable	681,779.29	712,413.40
Receivables With Full Reserves:			Accrued Interest on Bonds, Notes and Loans	223,913.26	141,312.68
Consumer Accounts Receivable	173,700.09	175,882.36	Prepaid Revenue		
Water-Sewer Liens Receivable	23,316.25	20,551.25		1,460,927.11	1,298,952.60
	197,016.34	196,433.61		197,016.34	196,433.61
Total Operating Fund	7,673,553.97	6,311,146.27	Reserve for Receivables	6,015,610.52	4,815,760.06
			Fund Balance		
			Total Operating Fund	7,673,553.97	6,311,146.27
Capital Fund:			Capital Fund:		
Cash and Cash Equivalents	3,737,780.68	5,158,023.25	Serial Bonds	30,346,000.00	32,841,000.00
Fixed Capital	147,816,481.13	147,816,481.13	Loans Payable	19,216,780.90	21,251,790.49
Fixed Capital Authorized and Uncompleted	14,047,271.00	6,601,671.00	Bond Anticipation Notes	6,676,000.00	6,525,000.00
			Improvement Authorizations:		
			Funded	157,323.30	
			Unfunded	8,684,630.89	4,498,060.31
			Contracts/Encumbrances Payable	675,215.54	109,586.11
			Capital Improvement Fund	12,625.00	12,625.00
			Reserve for:		
			Deferred Amortization	1,060,599.00	260,599.00
			Debt Service		64,221.25
			Amortization	98,253,700.23	93,564,762.64
			Fund Balance	518,657.95	448,530.58
Total Capital Fund	165,601,532.81	159,576,175.38	Total Capital Fund	165,601,532.81	159,576,175.38
Total Assets	\$ 173,275,086.78	\$ 165,887,321.65	Total Liabilities, Reserves and Fund Balances	\$ 173,275,086.78	\$ 165,887,321.65

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY  
WATER/SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE  
REGULATORY ACCOUNTING BASIS  
Year ended December 31, 2016**

	<u>2016</u>	<u>2015</u>
Revenue and Other Income Realized:		
Operating Surplus Anticipated	\$ 800,000.00	
Water/Sewer User Fees	14,879,037.74	\$ 14,768,858.00
Miscellaneous	638,130.06	964,023.09
Interlocal Agreement - Boro of Ship Bottom	50,116.80	96,844.08
Capital Surplus	5,778.75	4,486.56
Reserve to Pay Bonds		43,679.22
Reserve to Pay Notes	64,221.25	966,834.22
Miscellaneous Revenue Not Anticipated	7,561.86	7,811.24
Other Credits To Income:		
Appropriation Reserves Lapsed	352,411.29	459,947.97
Total Revenue	<u>16,797,257.75</u>	<u>17,312,484.38</u>
Expenditures:		
Operating	7,410,884.08	7,425,000.00
Debt Service	6,849,509.32	6,926,466.39
Statutory Expenditures	496,037.92	461,579.00
Refund of Prior Year Revenue	40,975.97	
Total Expenditures	<u>14,797,407.29</u>	<u>14,813,045.39</u>
Excess in Revenue	1,999,850.46	2,499,438.99
Fund Balance, January 1	<u>4,815,760.06</u>	<u>2,316,321.07</u>
	6,815,610.52	4,815,760.06
Decreased By:		
Utilized as Anticipated Revenue	<u>800,000.00</u>	
Fund Balance, December 31	<u><u>\$ 6,015,610.52</u></u>	<u><u>\$ 4,815,760.06</u></u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**WATER/SEWER UTILITY CAPITAL FUND**  
**STATEMENT OF CHANGES IN CAPITAL FUND BALANCE**  
**REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

Balance, December 31, 2015		\$ 448,530.58
Increased By:		
Premium on Sale of Bonds and Notes	<u>\$ 75,906.12</u>	<u>75,906.12</u>
		524,436.70
Decreased By:		
Anticipated in Budget		<u>5,778.75</u>
Balance, December 31, 2016		<u><u>\$ 518,657.95</u></u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY  
WATER/SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS  
Year ended December 31, 2016**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 800,000.00	\$ 800,000.00	
Water/Sewer User Fees	13,740,000.00	14,879,037.74	\$ 1,139,037.74
Miscellaneous	300,000.00	638,130.06	338,130.06
Interlocal Agreement - Ship Bottom	95,000.00	50,116.80	(44,883.20)
Capital Surplus	5,778.75	5,778.75	
Reserve to Pay Notes	64,221.25	64,221.25	
Miscellaneous Revenue Not Anticipated	<u>                    </u>	<u>7,561.86</u>	<u>7,561.86</u>
	<u><u>\$ 15,005,000.00</u></u>	<u><u>\$ 16,444,846.46</u></u>	<u><u>\$ 1,439,846.46</u></u>

Cash Receipts	\$ 15,503,533.78
Surplus Realized	800,000.00
Prepaid Revenue Applied	<u>141,312.68</u>
	<u><u>\$ 16,444,846.46</u></u>

See independent accountant's compilation report and the accompanying notes to the financial statements.



**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS**  
**Year ended December 31, 2016**

	Appropriations		Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 2,090,000.00	\$ 2,090,000.00	\$ 2,022,298.63	\$ 67,701.37	\$
Other Expenses	5,310,000.00	5,295,884.08	4,872,237.91	423,646.17	
Accumulated Leave Compensation	25,000.00	25,000.00	25,000.00		
Total Operating	7,425,000.00	7,410,884.08	6,919,536.54	491,347.54	
Debt Service:					
Payment of Bond Principal	2,260,000.00	2,260,000.00	2,260,000.00		
Payment of Bond Anticipation Notes	958,928.00	958,928.00	958,928.00		41,791.76
Interest on Bonds	1,161,650.00	1,161,650.00	1,119,858.24		85,621.71
Interest on Notes	205,800.00	205,800.00	120,178.29		
Green Trust Loan Program:					
Loan Repayment for Principal and Interest	2,511,700.00	2,511,700.00	2,390,544.79		121,155.21
Total Debt Service	7,098,078.00	7,098,078.00	6,849,509.32		248,568.68
Statutory Expenditures:					
Public Employees' Retirement System	320,044.75	334,160.67	334,160.67		
Social Security System	159,377.25	159,377.25	140,346.82	19,030.43	
Unemployment Compensation Insurance	2,500.00	2,500.00	2,500.00		
Total Statutory Expenditures	481,922.00	496,037.92	477,007.49	19,030.43	
Total Appropriations	\$ 15,005,000.00	\$ 15,005,000.00	\$ 14,246,053.35	\$ 510,377.97	\$ 248,568.68
Cash Disbursements			\$ 12,605,625.03		
Encumbrances Payable			44,856.59		
Accrued Interest Payable			1,595,571.73		
			\$ 14,246,053.35		

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD**  
**COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL FIXED ASSET GROUP**  
**COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS**  
**DECEMBER 31, 2016 AND 2015**

<u>Assets</u>	<u>2016</u>	<u>2015</u>	<u>Liabilities</u>	<u>2016</u>	<u>2015</u>
General Fixed Assets:					
Land	\$ 20,152,797.61	\$ 20,152,797.61			
Buildings and Improvements	12,231,379.74	12,102,316.35			
Machinery and Equipment	17,052,481.23	17,861,138.87	Investment in Fixed Assets	\$ 49,436,658.58	\$ 50,116,252.83
Total Assets	<u>\$ 49,436,658.58</u>	<u>\$ 50,116,252.83</u>	Total Liabilities	<u>\$ 49,436,658.58</u>	<u>\$ 50,116,252.83</u>

See independent accountant's compilation report and the accompanying notes to the financial statements.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township of Stafford, County of Ocean, New Jersey ("Township") include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above entities can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Funds**

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Township conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Township departments.

Federal and State Grant Fund – accounts for receipts and disbursements of Federal and State grants.

Trust Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Fund.

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**B. Description of Funds (continued)**

Water/Sewer Utility Operating and Capital Funds - are used to account for Water/Sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the Water/Sewer Utility to the general public be financed through user fees. Operations related to the acquisition of Water/Sewer capital facilities are recorded within the Water/Sewer Utility Capital Fund.

General Fixed Assets Account Group - The Township has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants or contributed capital is not accounted for separately.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

**Revenues**

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Township's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

Had the Township's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

E. Grants (continued)

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 20, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before June 3. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Fund Balance

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

J. Encumbrances

Encumbrances are contractual orders at December 31, 2016 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**K.     Appropriation Reserves**

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

**L.     Deferred Charges**

The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally over-expenditures 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.

**M.     Deferred Charges to Future Taxation Funded and Unfunded**

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

**N.     Compensated Absences**

Expenditures for compensated absences relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2016 is set forth in Note 11.

**O.     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 balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

**P.     Volunteer Length of Service Award Plan**

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer First Aid squad. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

P. Volunteer Length of Service Award Plan (continued)

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall not be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$78,200.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members at the time the program was established).

Q. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Q. Deposits and Investments (continued)**

**Investments**

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a) (8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e) (2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Q. Deposits and Investments (continued)**

- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Township is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Township or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Township is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

**R. Landfill Tax Escrow - Trust Fund**

The Landfill Tax Escrow account was created in accordance with the provisions of the Sanitary Landfill Facility Closure and Contingency Fund Act P.L. 1981, C306. The account is overseen by the State of New Jersey, Department of Environmental Protection, Division of Solid and Hazardous Waste. The funds are to be used exclusively for the closure and post-closure care of the Township landfill in accordance with the approved Closure and Post-Closure Plan. Expenditures can only be made from the Fund upon the approval of the Department of Environmental Protection.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

S. Reserve for Recreation Assessment - Trust Fund

The Township charges developers a fee created by ordinance to fund current and future recreation facilities. The funds are held in the Trust Fund and may only be utilized through appropriation in the Current Fund budget or by creation of a capital ordinance.

T. Reserve for Storm Water Management Assessment - Trust Fund

The Township charges developers a fee created by ordinance for the maintenance of the underground storm water discharge system. These funds are held within the Township's Trust Fund and may only be utilized by a budget appropriation in the Current Fund or by capital ordinance.

U. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended December 31, 2016, the Township implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the Township is required to measure certain investments at fair value for financial reporting purposes. In addition, the Township is required to measure donated capital assets at acquisition value; these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the Township's financial statements.

The Township implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the Township's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

U. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements (continued)

ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended December 31, 2018. Management does expect this Statement to impact the Township's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended December 31, 2017. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to impact the Township's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended December 31, 2018. Management does not expect this Statement to impact the Township's financial statements.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

U. Impact of Recently Issued Accounting Principles (continued)

Recently Issued and Adopted Accounting Pronouncements (continued)

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended December 31, 2018. Management has not yet determined the potential impact on the Township's financial statements.

V. Subsequent Events

The Township has evaluated subsequent events through April 17, 2017, the date the financial statements were available to be issued. See Note 23 for additional information.

**Note 2. Cash and Cash Equivalents**

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2016, and reported at fair value are as follows:

**Deposits:**

Demand Deposits	\$38,729,763.06
Total Deposits	<u>\$38,729,763.06</u>

**Reconciliation of Statements of Assets, Liabilities, Reserves and Fund Balance:**

Current	\$13,476,392.90
Animal Control Trust	50,208.90
Trust - Other	7,442,210.09
General Capital	6,546,932.86
Water/Sewer Utility Operating	7,476,237.63
Water/Sewer Utility Capital	<u>3,737,780.68</u>
Total Reconciliation	<u>\$38,729,763.06</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 2. Cash and Cash Equivalents (continued)**

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New

Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2016, the Township's bank balance of \$38,556,011.02 was insured or collateralized as follows:

<u>Depository Account</u>	<u>2016</u>
Insured - FDIC	\$ 1,376,113.75
Collateralized - GUDPA	6,436,326.76
Uninsured	<u>11,833,602.34</u>
	<u>\$ 19,646,042.85</u>

NJARM

All investments in the Fund are governed by the regulations of the Investment Council which prescribes standards designed to insure the quality of investments and to minimize the risks related to investments. To date, the Fund has never defaulted on principal or interest on any short term security held by its participants. Further, a reserve is being accumulated as additional protection for other than State participants. Finally, the Council monitors eligible securities on a regular basis. As of December 31, 2016, the Township had \$19,596,869.23 on deposit with the New Jersey Asset Management Program ("NJARM"). NJARM is a local investment pool which invests in repurchase agreements collateralized by U.S. Securities, U.S. Government Agency Discount Notes, and U.S. Government Agency Securities. The deposit with NJARM is available for withdrawal upon notice given by 11:00 am EST on each business day and is accordingly classified as a cash equivalent.

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 3. Investments**

As of December 31, 2016 and 2015, the Township had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Book Value</u>
2016:		
LOSAP	<u>\$ 1,111,805.04</u>	<u>\$ 1,111,805.04</u>
2015:		
LOSAP	<u>\$ 1,027,307.72</u>	<u>\$ 1,027,307.72</u>

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the Township.

Credit Risk

State law limits investments as noted above.

The fair value of the above-listed investments was based on quoted market prices.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

**Note 4. Taxes, Water/Sewer Utility Receivables**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

	<u>Comparison of Tax Rate Information</u>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Tax Rate	<u>\$ 2.329</u>	<u>\$ 2.247</u>	<u>\$ 2.277</u>
Apportionment of Tax Rate:			
Municipal	0.885	0.860	0.874
Municipal Open Space	0.010	0.010	0.003
County	0.446	0.426	0.428
Local School	0.752	0.728	0.734
Regional School	0.236	0.223	0.238

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 4. Taxes, Water/Sewer Utility Receivables (continued)**

**Net Valuation Taxable**

2016	<u>\$ 3,849,038,400.00</u>	
2015		<u>\$ 3,802,776,243.00</u>
2014		<u>\$ 3,669,924,002.00</u>

**Comparison of Tax Levies and Collection Currently**

Year	Tax Levy	Cash Collections	Percentage Of Collection
2016	\$ 90,747,341.80	\$ 89,902,073.66	99.07%
2015	86,552,131.16	85,762,956.26	99.09%
2014	84,224,610.34	83,415,651.39	99.04%

**Delinquent Taxes and Tax Title Liens**

Year Ended December 31	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2016	\$ 161,359.82	\$ 628,590.93	\$ 789,950.75	0.87%
2015	161,359.82	628,590.93	789,950.75	0.91%
2014	137,681.01	720,964.93	858,645.94	1.02%

The following is a three-year comparison of certain statistical information relative to water-sewer charges and water-sewer collections for the current and previous two years.

**Comparison of Water-Sewer Charges Levies**

Year	Levy	Prior Year Delinquent	Cash Collections
2016	\$ 14,879,620.47	\$ 175,882.36	\$ 14,881,802.74
2015	14,749,561.42	195,178.94	14,768,858.00
2014	14,528,866.93	181,236.42	14,511,615.41

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 5. Accounts Receivable**

Accounts receivable at December 31, 2016 consisted of intergovernmental grants, taxes and other accounts receivable. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the Township's individual major funds, in the aggregate, are as follows:

	<u>Current Fund</u>	<u>State &amp; Federal Grant Fund</u>	<u>General Capital Fund</u>	<u>Utility Operating Fund</u>	<u>Total</u>
State	\$ -	\$ 5,000.00	\$ 372,500.00	\$ -	\$ 377,500.00
Taxes & User Fees	737,904.35	-	-	173,700.09	911,604.44
Other	226,102.81	38,133.61	-	23,316.25	287,552.67
Total	<u>\$ 964,007.16</u>	<u>\$ 43,133.61</u>	<u>\$ 372,500.00</u>	<u>\$ 197,016.34</u>	<u>\$ 1,576,657.11</u>

**Note 6. Interfund Balances and Transfers**

The composition of interfund balances as of December 31, 2016 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ -	\$ 176,122.66
State & Federal Grant Fund	176,122.66	-
	<u>\$ 176,122.66</u>	<u>\$ 176,122.66</u>

All balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) revenues/receipts are collected, and (3) payments between funds are made.

Significant transfers between funds during the year ended December 31, 2016 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Current Fund	\$ 226,193.82	\$ -
Animal Control Fund	-	6,382.89
General Capital Fund	-	219,810.93
Water/Sewer Utility Operating Fund	70,000.00	-
Water/Sewer Utility Capital Fund	-	70,000.00
	<u>\$ 296,193.82</u>	<u>\$ 296,193.82</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 7. Fixed Assets and Fixed Capital**

The following is a summary of changes in the General Fixed Assets Account Group for the year 2016:

	December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2016</u>
Land	\$ 20,152,797.61	\$ -	\$ -	\$ 20,152,797.61
Buildings and Improvements	12,102,316.35	129,063.39	-	12,231,379.74
Machinery and Equipment	<u>17,861,138.87</u>	<u>1,564,117.48</u>	<u>2,372,775.12</u>	<u>17,052,481.23</u>
Total	<u>\$ 50,116,252.83</u>	<u>\$ 1,693,180.87</u>	<u>\$ 2,372,775.12</u>	<u>\$ 49,436,658.58</u>

The following is a summary of changes in the Water/Sewer Utility Fixed Capital for the year 2016:

	December 31, <u>2015</u>	<u>Additions</u>	December 31, <u>2016</u>
Land	\$ 3,222,734.82	\$ -	\$ 3,222,734.82
Buildings and Improvements	3,201,100.59	-	3,201,100.59
Improvements Other Than Buildings	136,539,676.55	-	136,539,676.55
Machinery and Equipment	4,246,076.27	-	4,246,076.27
Furniture and Fixtures	240,006.00	-	240,006.00
Soft Costs	<u>366,886.90</u>	<u>-</u>	<u>366,886.90</u>
Total	<u>\$ 147,816,481.13</u>	<u>\$ -</u>	<u>\$ 147,816,481.13</u>

**Note 8. Local District School and Regional High School Taxes**

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township has elected to defer school taxes as follows:

	<u>Local District School Tax</u>		<u>Regional District School Tax</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance of Tax	\$ 13,281,952.00	\$ 12,580,345.98	\$ 4,548,473.50	\$ 4,248,073.50
Deferred	<u>11,292,290.00</u>	<u>11,292,290.00</u>	<u>4,138,088.13</u>	<u>4,138,088.13</u>
Tax Payable	<u>\$ 1,989,662.00</u>	<u>\$ 1,288,055.98</u>	<u>\$ 410,385.37</u>	<u>\$ 109,985.37</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt**

The Township's long-term debt consisted of the following at December 31, 2016:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>
2008 General Improvement Bonds	08/26/08	\$ 19,200,000.00	4.000%	\$ 1,765,000.00
2011 General Improvement Refunding Bonds	01/27/11	5,685,000.00	4.000%	840,000.00
2011 General Improvement Bonds	05/24/11	8,850,000.00	3.000-4.500%	7,050,000.00
2012 General Improvement Bonds	05/22/12	7,965,000.00	3.000-3.500%	6,500,000.00
2014 General Obligation Refunding Bonds	03/27/14	6,111,500.00	2.500-5.000%	3,595,000.00
2014 Pension Refunding Bonds	03/27/14	1,025,000.00	2.500-3.500%	1,015,000.00
2014 General Obligation Bonds	05/19/14	6,500,000.00	2.000-4.000%	5,800,000.00
2014 General Obligation Refunding Bonds B	11/19/14	8,480,000.00	2.000-5.000%	7,530,000.00
2016 General Obligation Refunding Bonds B	02/24/16	11,095,000.00	2.250-5.000%	<u>11,095,000.00</u>
				<u>\$ 45,190,000.00</u>

The Township has received loans from the State of New Jersey, Department of Environmental Protection under the Green Acres Trust Program as follows:

	<u>Original Loan Amount</u>	<u>Annual Payment</u>	<u>Balance December 31, 2016</u>	<u>Final Payment</u>
2000 Green Acres Trust	\$ 840,000.00	\$ 52,233.88	\$ 126,756.76	04/30/19
2001 Green Acres Trust	70,444.22	4,380.45	16,758.83	11/17/20
2001 Green Acres Trust	380,000.00	23,629.62	101,205.83	01/20/21
2001 Green Acres Trust	1,500,000.00	93,274.78	399,496.74	02/04/21
2001 Green Acres Trust	500,000.00	31,091.59	133,165.56	07/20/21
2001 Green Acres Trust	250,000.00	15,545.79	66,582.81	07/20/21
2002 Green Acres Trust	500,000.00	32,468.04	139,060.95	06/25/21
2002 Green Acres Trust	500,000.00	31,091.60	161,173.04	06/25/22
2006 Green Acres Trust	<u>500,000.00</u>	<u>31,091.60</u>	<u>280,532.51</u>	08/27/26
	<u>\$ 5,040,444.22</u>	<u>\$ 314,807.35</u>	<u>\$ 1,424,733.03</u>	

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt (continued)**

Debt service requirements for bonds as of December 31 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,940,000.00	\$ 1,606,547.50	\$ 6,546,547.50
2018	4,265,000.00	1,442,572.50	5,707,572.50
2019	4,310,000.00	1,288,853.75	5,598,853.75
2020	4,400,000.00	1,131,697.50	5,531,697.50
2021	3,610,000.00	968,747.50	4,578,747.50
2022-26	16,410,000.00	2,845,640.00	19,255,640.00
2027-31	6,950,000.00	556,960.00	7,506,960.00
2032-33	305,000.00	15,625.00	320,625.00
	<u>\$ 45,190,000.00</u>	<u>\$ 9,856,643.75</u>	<u>\$ 55,046,643.75</u>

General Capital Loans

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 287,744.27	\$ 27,063.11	\$ 314,807.38
2018	293,527.90	21,279.44	314,807.34
2019	273,310.89	15,379.51	288,690.40
2020	252,426.27	10,147.20	262,573.47
2021	155,092.86	5,095.26	160,188.12
2022-26	162,630.84	8,372.91	171,003.75
	<u>\$ 1,424,733.03</u>	<u>\$ 87,337.43</u>	<u>\$ 1,512,070.46</u>

In addition to the above capital loans, the Township has a Green Acres loan for \$250,000.00 for which the final amortization schedule has not been prepared. The Township also has two loans through NJEIT Barnegat Bay Funding that are eligible for 100% principal forgiveness totaling \$1,217,756.00 for which an amortization schedule has not been prepared.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt (continued)**

Water and Sewer Utility Bonds

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2016</u>
2005 Water and Sewer Bonds	07/01/05	\$ 3,156,000.00	3.000-5.000%	\$ 2,821,000.00
2008 Water and Sewer Bonds	08/26/08	12,800,000.00	4.000-4.500%	1,190,000.00
2009 Water and Sewer Bonds	03/12/09	9,345,000.00	3.125-5.000%	3,395,000.00
2011 Water and Sewer Bonds	01/27/11	1,440,000.00	4.000%	260,000.00
2011 Water and Sewer Bonds	05/24/11	5,900,000.00	3.000-3.125%	4,850,000.00
2012 Water and Sewer Bonds	05/22/12	4,035,000.00	2.000-3.500%	3,415,000.00
2014 Water and Sewer Bonds	03/27/14	4,218,500.00	2.500-4.000%	3,790,000.00
2014 Water and Sewer Bonds	05/19/14	3,500,000.00	2.000-4.000%	3,200,000.00
2016 Water and Sewer Bonds	02/24/16	7,425,000.00	2.250-5.000%	<u>7,425,000.00</u>
				<u><u>\$ 30,346,000.00</u></u>

The Township has Water and Sewer Loans outstanding for the following programs:

<u>Program</u>	<u>Original Issue</u>	<u>Balance December 31, 2016</u>	<u>Final Payment</u>
NJ Environmental Infrastructure Trust Loan	\$ 2,185,000.00	\$ 645,000.00	06/01/20
NJ Environmental Infrastructure Fund Loan	2,183,651.00	405,518.68	06/01/20
NJ Environmental Infrastructure Trust Loan	5,295,000.00	2,640,000.00	08/01/25
NJ Environmental Infrastructure Fund Loan	4,895,597.00	1,972,251.70	08/01/24
NJ Environmental Infrastructure Trust Loan	3,075,000.00	1,610,000.00	08/01/26
NJ Environmental Infrastructure Fund Loan	3,026,741.00	1,229,041.68	08/01/24
NJ Environmental Infrastructure Trust Loan	4,425,000.00	2,255,000.00	08/01/27
NJ Environmental Infrastructure Fund Loan	4,361,085.00	1,671,114.48	08/01/24
NJ Environmental Infrastructure Trust Loan	2,295,000.00	1,690,000.00	08/01/28
NJ Environmental Infrastructure Fund Loan	2,263,923.00	1,307,445.26	08/01/28
NJ Environmental Infrastructure Trust Loan	100,180.18	50,172.68	08/01/29
NJ Environmental Infrastructure Fund Loan	288,693.00	63,610.40	08/01/29
NJ Environmental Infrastructure Trust Loan	1,405,000.00	1,080,000.00	08/01/29
NJ Environmental Infrastructure Fund Loan	<u>4,221,645.00</u>	<u>2,597,626.02</u>	08/01/29
	<u><u>\$ 40,021,515.18</u></u>	<u><u>\$ 19,216,780.90</u></u>	

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt (continued)**

Debt service requirements for bonds as of December 31 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,315,000.00	\$ 1,091,380.00	\$ 3,406,380.00
2018	2,185,000.00	1,016,405.00	3,201,405.00
2019	2,220,000.00	938,155.00	3,158,155.00
2020	2,310,000.00	854,305.00	3,164,305.00
2021	2,400,000.00	762,630.00	3,162,630.00
2022-26	11,025,000.00	2,393,275.00	13,418,275.00
2027-31	7,671,000.00	573,032.50	8,244,032.50
2032	220,000.00	3,437.50	223,437.50
	<u>\$ 30,346,000.00</u>	<u>\$ 7,632,620.00</u>	<u>\$ 37,978,620.00</u>

Water and Sewer Loans

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,079,070.41	\$ 448,103.90	\$ 2,527,174.31
2018	2,109,938.46	402,929.69	2,512,868.15
2019	2,176,873.55	355,261.67	2,532,135.22
2020	2,186,767.04	307,579.31	2,494,346.35
2021	1,975,263.71	260,848.76	2,236,112.47
2022-26	7,490,838.86	615,689.46	8,106,528.32
2027-29	1,198,028.87	51,650.00	1,249,678.87
	<u>\$ 19,216,780.90</u>	<u>\$ 2,442,062.79</u>	<u>\$ 21,658,843.69</u>

Changes in Outstanding Long-Term Debt

Transactions for the year ended December 31, 2016 are summarized as follows:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2016</u>
<u>General Capital Fund</u>				
Bonds Payable	\$ 50,685,000.00	\$ 11,095,000.00	\$ 16,590,000.00	\$ 45,190,000.00
Loans Payable	3,174,563.58	-	282,074.55	2,892,489.03
	<u>\$ 53,859,563.58</u>	<u>\$ 11,095,000.00</u>	<u>\$ 16,872,074.55</u>	<u>\$ 48,082,489.03</u>

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt (continued)**

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2016</u>
<u>Water/Sewer Utility Capital Fund</u>				
Bonds Payable	\$ 32,841,000.00	\$ 7,425,000.00	\$ 9,920,000.00	\$ 30,346,000.00
Loans Payable	21,251,790.49	-	2,035,009.59	19,216,780.90
	<u>\$ 54,092,790.49</u>	<u>\$ 7,425,000.00</u>	<u>\$ 11,955,009.59</u>	<u>\$ 49,562,780.90</u>
Totals	<u>\$ 107,952,354.07</u>	<u>\$ 18,520,000.00</u>	<u>\$ 28,827,084.14</u>	<u>\$ 97,645,269.93</u>

**Summary of Municipal Debt (Excluding Current  
and Operating Debt and Type I School Debt)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Issued</u>			
General:			
Bonds, Notes and Loans	\$ 61,104,489.03	\$ 62,731,563.58	\$ 65,666,880.16
Water/Sewer Utility Fund	<u>56,238,780.90</u>	<u>60,617,790.49</u>	<u>62,531,458.30</u>
	117,343,269.93	123,349,354.07	128,198,338.46
Less: Funds to Pay Bonds, Notes and Loans	<u>2,352,510.82</u>	<u>20,377,310.93</u>	<u>1,367,807.98</u>
Net Debt Issued	<u>114,990,759.11</u>	<u>102,972,043.14</u>	<u>126,830,530.48</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	4,085,000.00	24,825,000.00	3,755,005.00
Water/Sewer Utility Fund	<u>6,310,672.00</u>	<u>0.00</u>	<u>400,279.00</u>
Total Authorized But Not Issued	<u>10,395,672.00</u>	<u>24,825,000.00</u>	<u>4,155,284.00</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 125,386,431.11</u>	<u>\$ 127,797,043.14</u>	<u>\$ 130,985,814.48</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 9. Long-Term Debt (continued)**

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 indicates a statutory net debt of 1.685%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional District School Debt	\$ -	\$ -	\$ -
Local District School Debt	18,038,398.00	18,038,398.00	-
Water/Sewer Utility	62,549,452.90	62,549,452.90	-
General Debt	<u>65,189,489.03</u>	<u>2,352,510.82</u>	<u>62,836,978.21</u>
	<u>\$ 145,777,339.93</u>	<u>\$ 82,940,361.72</u>	<u>\$ 62,836,978.21</u>

Net Debt \$62,836,978.21 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$4,050,458,378.00 = 1.551%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 141,766,043.23
Less: Net Debt	<u>62,836,978.21</u>
Remaining Borrowing Power	<u>\$ 78,929,065.02</u>

Calculation of "Self-Liquidating Purpose" - Water/Sewer Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 16,437,284.60
Deductions:	
Operating and Maintenance Costs	\$ 7,906,922.00
Debt Service per Water/Sewer Account	<u>6,849,509.32</u>
	<u>14,756,431.32</u>
Excess in Revenue	<u>\$ 1,680,853.28</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 10. Bond Anticipation Notes**

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2016, the Township's outstanding bond anticipation notes were as follows:

<u>General Capital Fund</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
Various Capital Improvements/Acquisition of Capital Equipment	05/12/16	05/11/17	\$ 1,291,100.00	2.000%
Various Capital Improvements/Acquisition of Capital Equipment	05/12/16	05/11/17	2,672,205.00	2.000%
Construction of Community Center & Pavilion	05/12/16	05/11/17	1,651,310.00	2.000%
Various Capital Improvements/Acquisition of Capital Equipment	05/12/16	05/11/17	3,117,385.00	2.000%
Various Capital Improvements/Acquisition of Capital Equipment	05/12/16	05/11/17	4,065,000.00	2.000%
Purchase of Pine Street Building	05/12/16	05/11/17	225,000.00	2.000%
			<u>\$ 13,022,000.00</u>	
<u>Water/Sewer Utility Capital Fund</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
Various Water/Sewer Improvements/ Acquisition of Equipment	05/12/16	05/11/17	\$ 2,143,880.00	2.000%
Improvements to Ocean Acres Water Treatment Plant	05/12/16	05/11/17	400,000.00	2.000%
Various Water/Sewer Improvements/ Acquisition of Equipment	05/12/16	05/11/17	2,996,520.00	2.000%
Various Water/Sewer Improvements/ Acquisition of Equipment	05/12/16	05/11/17	1,135,600.00	2.000%
			<u>\$ 6,676,000.00</u>	

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 10. Bond Anticipation Notes (continued)**

Changes in Outstanding Short-Term Debt

Transactions for the year ended December 31, 2016 are summarized as follows:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2016</u>
General Capital Fund	\$ 8,872,000.00	\$ 13,022,000.00	\$ 8,872,000.00	\$ 13,022,000.00
Water/Sewer Utility Fund	<u>6,525,000.00</u>	<u>6,676,000.00</u>	<u>6,525,000.00</u>	<u>6,676,000.00</u>
	<u>\$ 15,397,000.00</u>	<u>\$ 19,698,000.00</u>	<u>\$ 15,397,000.00</u>	<u>\$ 19,698,000.00</u>

**Note 11. Bonds and Notes Authorized But Not Issued**

At December 31, 2016, the Township had authorized but not issued bonds and notes in the General Capital Fund in the amount of \$4,085,000 and in the Water/Sewer Utility Capital Fund in the amount of \$6,310,672.00.

**Note 12. Fund Balance Appropriated**

Current Fund

The fund balance at December 31, 2016 was \$7,378,618.07 of which \$3,500,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2017.

Water/Sewer Utility Operating Fund

The fund balance at December 31, 2016 was \$6,015,610.52 of which \$2,000,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2017.

**Note 13. Accrued Sick and Vacation Benefits**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Township estimated the current cost of such unpaid compensation would be \$3,150,203.95 at December 31, 2016. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Township has a trust reserve for accumulated absence liabilities in the amount of \$790,538.63 at December 31, 2016.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 14. Deferred Charges to be Raised in Succeeding Years' Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the current fund balance sheet included a deferred charge for Future Taxation Unfunded - Community Disaster Loan in the amount of \$3,309,642.20.

**Note 15. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years 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.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Components of Net Pension Liability** - At December 31, 2016, the Township reported a liability of \$43,819,924.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .14795%, which was an increase of .00565% from its proportion measured as of June 30, 2015.

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	12,840,091.00	4,651,764.00
Deferred Inflows of Resources	354,805.00	963,777.00
Net Pension Liability	43,819,924.00	31,943,724.00
Township's Portion of the Plan's Total		
Net Pension Liability	0.14795%	0.14514%

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 814,918.00	\$ -
Changes of Assumptions	9,077,148.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,670,894.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>1,277,131.00</u>	<u>354,805.00</u>
	<u>\$ 12,840,091.00</u>	<u>\$ 354,805.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

<b>Year Ending</b>	
<u><b>Dec 31,</b></u>	<u><b>PERS</b></u>
2017	\$ 2,782,613.00
2018	2,782,619.00
2019	3,187,458.00
2020	2,690,838.00
2021	<u>1,041,758.00</u>
	<u>\$ 12,485,286.00</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

<b><u>PERS</u></b>	
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 53,696,203.00	\$ 43,819,924.00	\$ 35,666,200.00

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
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, as defined, 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 if 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.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. 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. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$1,447,875 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

**Net Pension Liability and Pension Expense** - At December 31, 2016, the Township's proportionate share of the PFRS net pension liability is valued to be \$33,922,163.00. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .17758%, which was an increase of .00789% from its proportion measured as of June 30, 2015.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	7,983,396.00	5,218,175.00
Deferred Inflows of Resources	850,868.00	1,543,686.00
Net Pension Liability	33,922,163.00	28,263,669.00
Township's Portion of the Plan's Total Net Pension Liability	0.17758%	0.16969%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 222,365.00
Changes of Assumptions	4,698,498.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,376,858.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>908,040.00</u>	<u>628,503.00</u>
	<u>\$ 7,983,396.00</u>	<u>\$ 850,868.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

	<b>Year Ending Dec 31,</b>	<b>PFRS</b>		
			<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
			<hr/>	<hr/>
	2017	\$ 1,612,181.00		
	2018	1,612,181.00		
	2019	2,178,627.00		
	2020	1,399,800.00		
	2021	329,739.00		
		<hr/>		
		\$ 7,132,528.00		
		<hr/>		
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014		-	-	-
June 30, 2015		-	-	5.53
June 30, 2016		-	-	5.58
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014		6.17	6.17	-
June 30, 2015		5.53	5.53	-
June 30, 2016		5.58	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014		-	-	5.00
June 30, 2015		-	-	5.00
June 30, 2016		5.00	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014		6.17	6.17	6.17
June 30, 2015		5.53	5.53	5.53
June 30, 2016		5.58	5.58	5.58

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

**Special Funding Situation** – 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 non-employer 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 to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,848,620.00 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Township 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 members, actuarially determined. The State's proportion measured as of June 30, 2016 was .17758%, which was an increase of .00789% from its proportion measured as of June 30, 2015, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 33,922,163.00
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,848,620.00</u>
Total Net Pension Liability	<u><u>\$ 36,770,783.00</u></u>

For the year ended December 31, 2016, the Township's total allocated pension expense was \$5,160,224.00.

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

**PFRS**

Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2010 - June 30, 2013

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, 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-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 15. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS)**

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 43,740,142.00	\$ 33,922,163.00	\$ 25,916,192.00

**C. Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 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.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. 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's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2016, the Township did not have any employees participating in the Defined Contribution Retirement Program.

**Note 16. Post-Employment Healthcare Benefits**

Plan Description

In addition to the pension benefits as described in Note 1, the Township provides for health benefits as follows:

Effective January 1, 2009, the Township is a member of the State Health Benefits Program (SHBP). The SHBP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et.seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 16. Post-Employment Healthcare Benefits (continued)**

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in SHBP. All employees of the Township who have completed twenty-five (25) years of active service or are eligible for disability retirement under the Public Employees' Retirement System or the Police and Firemen's Retirement System will be provided hospitalization and medical coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of SHBP, as well as the actuarial valuation of the plan in accordance with Governmental Accounting Standards Board Statement 45. These financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295. They are also available on the state's web site at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-employment health benefits under the plan have been funded on a pay-as-you go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township currently contributes on a pay-as-you go basis based upon monthly invoices from the State of New Jersey Division of Pensions. Employees are not required to contribute. Contributions to the plan for the last two years and the number of former employees eligible for and participating in the post-employment health care benefits program as of the respective year ended December 31 was as follows:

<u>Year</u>	<u>Contribution</u>	<u>Number of Employees</u>
2016	\$ 2,040,321.67	105
2015	1,922,307.32	99
2014	1,788,232.68	98

**Note 17. Unemployment Compensation Insurance**

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. The Reserve for Unemployment Compensation Insurance at December 31, 2016 totaled \$11,151.17.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 18. Contingent Liabilities**

State and Federal Grants

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2016, the Township estimates that no material liabilities will result from such audits.

**Note 19. Risk Management**

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Township is a member of the Ocean County Municipal Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of 30 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess liability insurance for property. The fund also purchased an excess Faithful Performance and Employee Dishonesty Bond. There were no settlements in excess of insurance coverage in 2016 and 2015.

**Note 20. Deferred Compensation Program**

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged a private contractor to administer the Plan.

**Note 21. Length of Service Award Program ("LOSAP")**

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer Fire Department and also their First Aid Squad. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code."

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 21. Length of Service Award Program (“LOSAP”) (continued)**

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township’s LOSAP shall be included as a separate line item in the Township’s budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall not be subject to periodic increases based upon the “consumer price index factor” pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall eligible to participate in the LOSAP Plan immediately upon commencement of the member’s performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member’s eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

See independent accountant’s compilation report.

**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**

**Year ended December 31, 2016**

**Note 22. Community Disaster Loan**

The Community Disaster Loan Program is administered by the United States Department of Homeland Security, Federal Emergency Management Agency. Loans are made to local governments in designated major disaster areas which experience significant revenue losses. As a result of Superstorm Sandy the Township was designated a major disaster area.

The Township has been approved for a total of \$5,000,000 from the Community Disaster Loan Program. In accordance with federal guidelines, the loans may be fully or partially forgiven if certain revenue criteria are met over the three years following the disaster. This closeout procedure will occur in 2017. If the criteria are not met, the loan will have to be repaid at an interest rate of 0.75%.

During the year ending December 31, 2013, the Township realized \$2,000,000 as revenue in the Current Fund from the Community Disaster Loan received from the United States Department of Homeland Security, Federal Emergency Management Agency. On July, 2, 2014, the Township drew down an additional \$1,240,000. In accordance with directives from the Division of Local Government Services, State of New Jersey, the drawdowns were realized as revenue in 2013 and 2014, respectively. As of December 31, 2016, \$69,642.14 of interest has accrued on the loan.

**Note 23. Subsequent Events**

**Capital Ordinances**

On March 14, 2017 the Township approved Ordinance 2017-08 to appropriate funds for the Millcreek Road and Paul Boulevard water main replacement Phase II project. The costs will be funded through bonds and notes authorized in the amount of \$1,800,000.

On March 14, 2017 the Township approved Ordinance 2017-09 to appropriate funds for various water/sewer utility improvements and the acquisition of various water/sewer utility equipment. The costs will be funded through bonds and notes authorized in the amount of \$855,000.

On March 14, 2017 the Township approved Ordinance 2017-10 to appropriate funds for various capital improvements and the acquisition of various capital equipment. The costs of \$5,430,000 will be funded through bonds and notes authorized in the amount of \$4,956,250, grant funds from the New Jersey Department of Transportation and the Capital Improvement Fund.

See independent accountant's compilation report.

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Stafford, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$16,160,000 General Obligation Bonds, Series 2017, consisting of \$10,880,000 General Improvement Bonds, Series 2017, and \$5,280,000 Water/Sewer Utility Bonds, Series 2017 (collectively, the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on March 28, 2017 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on May 1<sup>st</sup> in the years 2018 through 2032, inclusive. 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 holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12, as amended.

SECTION 2. Definitions. 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 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"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 operated by MSRB.

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

"MSRB" shall mean the Municipal Securities Rule Making Board.

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

"Repository" or "Repositories" shall mean each State Repository, if any, and the Municipal Securities Rulemaking Board (the "MSRB") via the MSRB's Electronic Municipal Market Access system ("EMMA").

“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.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or cause the Dissemination Agent to, not later than September 30th of each year, commencing September 30, 2017 for the Annual Report for the fiscal year ending December 31, 2016, provide to the MSRB via the EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner not in excess of ten (10) business days after such required date, send a notice, in substantially the form attached hereto as Exhibit A, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings.

(c) The Dissemination Agent shall:

1. If the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial and operating data of the Issuer, consisting of: (i) Issuer indebtedness; (ii) the Issuer's most current adopted budget; (iii) property valuation information; and (iv) tax rate, levy and collection data.

#### SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall deliver in a timely manner not in excess of ten (10) business days after the occurrence of the event, through EMMA, at [www.emma.msrb.org](http://www.emma.msrb.org), notice of the occurrence of any of the following events with respect to the Bonds:

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 a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of holders of the Bonds, if material;
8. bond calls, if material;
9. defeasances;
10. release, substitution, or sale of property securing payment of the Bonds, if material;
11. rating changes;
12. tender offers for the Bonds;
13. bankruptcy, insolvency, receivership or similar events of the Issuer;
14. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all the assets of the Issuer, 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; and

15. appointment of a successor or additional trustee, or the change of a trustee, if material.

The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption; (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event (for which a determination of materiality is applicable) would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB via EMMA.

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

**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 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 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 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 holders or Beneficial Owners of the 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(c), 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. Prior Compliance with the Rule. The Issuer is currently in compliance with all previous undertakings, if any, to provide secondary market disclosure pursuant to the Rule.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**TOWNSHIP OF STAFFORD, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

By \_\_\_\_\_  
**DOUGLAS R. GANNON,**  
**Chief Financial Officer**

**Dated: May 10, 2017**

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Stafford, County of Ocean, New Jersey  
Name of Bond Issue: \$16,160,000 General Obligation Bonds, Series 2017  
Dated Date: May 10, 2017  
(CUSIP Number:\_\_\_\_\_)

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Agreement for the General Obligation Bonds dated May 10, 2017 and executed by the Township. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

**TOWNSHIP OF STAFFORD, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

By \_\_\_\_\_  
Name:  
Title:

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**APPENDIX D**  
**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE**  
**REQUIREMENTS FOR THE NOTES**

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**CERTIFICATE OF COMPLIANCE WITH  
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, DOUGLAS R. GANNON, Chief Financial Officer of the Township of Stafford, in the County of Ocean, State of New Jersey (the “Township”), DO HEREBY CERTIFY on behalf of the Township to Jefferies LLC, New York, NY (the “Purchaser”) of the Bond Anticipation Notes, Series 2017A, in the principal amount of \$4,715,000, dated May 10, 2017, and maturing May 9, 2018 (the “Notes”), in connection with the issuance of the Notes, that pursuant to requirement of Rule 15c2-12 promulgated by the Securities and Exchange Act of 1934, as amended and supplemented (the “Rule”), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Municipal Securities Rule Making Board (the “MSRB”), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing payment of the Bonds, if material; (11) rating changes; (12) tender offers for the Bonds; (13) bankruptcy, insolvency, receivership or similar events of the Township; (14) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all 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; and (15) the appointment of a successor or additional trustee, or the change of a trustee, if material.

Whenever the Township obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the Township shall, in a timely manner not in excess of ten (10) business days after each such occurrence, electronically file a notice with the MSRB.

The Township’s obligation under this Certificate shall terminate upon the defeasance or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as a may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under the Certificate. Notwithstanding the above, the remedy for breach of the provisions of this Certificate or the Township’s failure to perform hereunder shall be limited to bringing action to compel specific performance.

This Certificate shall is solely for the benefit for the Township, the Purchaser and the holders of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township as of this 10th day of May, 2017.

**TOWNSHIP OF STAFFORD, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

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**DOUGLAS R. GANNON,  
Chief Financial Officer**

**APPENDIX E**  
**FORM OF BOND COUNSEL'S OPINION FOR THE BONDS**

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—LAW OFFICES—

## GLUCKWALRATH LLP

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**Reply To: Red Bank Office**

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Direct Dial 732-530-8822  
Mclark@glucklaw.com

**Trenton Office**

428 River View Plaza  
Trenton, New Jersey 08611  
Tel: (609) 278-1900 Fax: (609) 278-9200

*An opinion in substantially the following form  
will be delivered at Closing assuming no  
material changes in facts or law.*

May 10, 2017

Mayor and Members of the Township Council  
Township of Stafford  
Ocean County, New Jersey

**RE: Township of Stafford, County of Ocean, New Jersey  
\$16,160,000 General Obligation Bonds, Series 2017**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$16,160,000 General Obligation Bonds, Series 2017, of the Township of Stafford, in the County of Ocean, New Jersey (the "Township"), a municipal corporation of the State of New Jersey, consisting of \$10,880,000 General Improvement Bonds, Series 2017, and \$5,280,000 Water/Sewer Utility Bonds, Series 2017 (collectively, the "Bonds").

The Bonds are dated May 10, 2017 and mature on May 1st in each year in the principal amounts set forth in the tables below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on May 1st and November 1st of each year, commencing on November 1, 2017, until maturity or prior redemption.

<u>Maturity (May 1st)</u>	<u>General Improvement Bonds, Series 2017 Principal Amount</u>	<u>Water/Sewer Utility Bonds, Series 2017 Principal Amount</u>	<u>Combined Maturity</u>	<u>Interest Rate</u>
2018	\$500,000	\$230,000	\$730,000	3.000%
2019	750,000	260,000	1,010,000	3.000
2020	760,000	305,000	1,065,000	4.000
2021	950,000	315,000	1,265,000	4.000
2022	990,000	325,000	1,315,000	5.000
2023	990,000	335,000	1,325,000	5.000

May 10, 2017

Page 2

2024	990,000	350,000	1,340,000	5.000
2025	990,000	360,000	1,350,000	5.000
2026	990,000	365,000	1,355,000	4.000
2027	990,000	380,000	1,370,000	4.000
2028	990,000	390,000	1,380,000	3.000
2029	990,000	405,000	1,395,000	3.000
2030		420,000	420,000	3.000
2031		420,000	420,000	3.000
2032		420,000	420,000	3.000

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

The Bonds are issued in fully registered form without coupons and are transferable as provided therein and are of various denominations and are numbered consecutively upwards. We have examined each bond as executed, and, in our opinion, their form and execution are regular and proper.

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Township on March 28, 2017, and by virtue of the Bond Ordinances finally adopted by the Township as identified in said Bond Resolution.

In forming our opinion, we have examined certified copies of the Bond Ordinances, Bond Resolution and related proceedings. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Bonds (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed 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. We have relied, as to the execution and delivery of the Bonds, on a certificate of the Township executed by the Mayor, Acting Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Township has certified to the effect that it expects to be able to, and



May 10, 2017

Page 3

will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is not includible in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Bonds and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and statements relate to, *inter alia*, the use of proceeds of the Bonds and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

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

1. The Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.

2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal income tax consequences arising with respect to the Bonds.

This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Bonds and make no representation that we have independently verified any such information.

Very truly yours,

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**APPENDIX F**  
**FORM OF BOND COUNSEL'S OPINION FOR THE NOTES**

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—LAW OFFICES—

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*An opinion in substantially the following form  
will be delivered at Closing assuming no  
material changes in facts or law.*

May 10, 2017

Mayor and Township Council  
Township of Stafford  
Ocean County, New Jersey

**RE: Township of Stafford, County of Ocean, New Jersey  
\$4,715,000 Bond Anticipation Notes, Series 2017A, dated May 10, 2017, due  
May 9, 2018, at 2.25%**

Dear Members of the Township Council:

We have examined a record of the proceedings relating to the issuance of \$4,715,000 Bond Anticipation Notes, Series 2017A (the “Notes”) of the Township of Stafford, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Township”). The Notes are dated May 10, 2017, mature May 9, 2018, and bear interest at the rate of two and twenty-five hundredths per centum (2.25%) per annum, payable at maturity. The Notes are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), in book-entry-only form and are not subject to redemption prior to maturity. The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of the Bond Ordinances described in the Certificate of Determination and Award dated the date hereof.

The Notes, along with other available funds of the Township, in the amount of \$1,132,560, are being issued to: (i) currently refund a portion of the Township’s bond anticipation notes originally issued in the amount of \$19,698,000, dated May 12, 2016 and maturing May 11, 2017; (ii) temporarily finance the cost of various general capital improvements to be undertaken in and by the Township in the amount of \$4,196,250, as authorized by the Bond Ordinances; and (iii) pay costs associated with the issuance of the Notes.

May 10, 2017

Page 2

In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted note. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Notes (the “Non-Arbitrage Certificate”) for the purpose of the opinions rendered below. In such examination, we have assumed 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. We have relied, as to the execution and delivery of the Notes, on a certificate of the Township executed by the Mayor, Acting Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Notes.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Township has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Notes is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Notes and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Non-Arbitrage Certificate. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

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

1. The Notes are valid and legally binding obligations of the Township and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or

May 10, 2017

Page 3

similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Notes will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal income tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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