

OFFICIAL STATEMENT DATED APRIL 13, 2021

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

**Rating (Bonds): S&P: "AA-" (Positive Outlook)**  
**Rating (Notes): S&P: "SP-1+"**  
**(See "RATINGS" herein)**

*In the opinion of 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 the original delivery of the Bonds and the Notes, interest on the Bonds and the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds and the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Bonds and the Notes, interest on the Bonds and the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$10,505,000**

**TOWNSHIP OF STAFFORD  
IN THE COUNTY OF OCEAN, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2021**

**Consisting of:**

**\$8,120,000 General Improvement Bonds, Series 2021A**  
**\$2,385,000 Water/Sewer Utility Bonds, Series 2021B**  
**(Callable)**

**\$8,680,000**

**TOWNSHIP OF STAFFORD  
IN THE COUNTY OF OCEAN, NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2021A**

**Consisting of:**

**\$7,255,000 General Improvement Bond Anticipation Notes**  
**\$1,425,000 Water/Sewer Utility Bond Anticipation Notes**  
**(Non-Callable)**

**Dated: Date of Delivery**  
**Due: April 1, as shown on the inside front cover**

**Dated: Date of Delivery**  
**Due: April 26, 2022**

The \$10,505,000 General Obligation Bonds, Series 2021 consisting of \$8,120,000 General Improvement Bonds, Series 2021A (the "General Improvement Bonds") and \$2,385,000 Water/Sewer Utility Bonds, Series 2021B (the "Water/Sewer Utility Bonds", and together with the General Improvement Bonds, the "Bonds") of the Township of Stafford, in the County of Ocean, New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Bonds constitute general obligations of the Township and the full faith and credit and unlimited *ad valorem* taxing power of the Township are pledged to the payments of the principal thereof and the interest thereon.

The \$8,680,000 Bond Anticipation Notes, Series 2021A consisting of \$7,255,000 General Improvement Bond Anticipation Notes (the "General Improvement Notes") and \$1,425,000 Water/Sewer Utility Bond Anticipation Notes (the "Water/Sewer Utility Notes", and together with the General Improvement Notes, the "Notes") are also general obligations of the Township, payable 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 as fully registered book-entry only form and when issued, will be registered in the name of 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 April 1 and October 1 of each year, commencing October 1, 2021, at such rates of interest, as shown on the inside front cover page hereof until maturity or earlier redemption. 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 Bonds are subject to redemption prior to maturity as described 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 April 26, 2022. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. The Notes are not subject to redemption prior to maturity.

Proceeds of the Bonds, along with available funds of the Township in the amount of \$250,000, will be used to: (i) refund, on a current basis, the Township's \$11,785,000 bond anticipation notes, dated April 28, 2020 and maturing April 28, 2021 (the "Prior Notes"); and (ii) pay the costs associated with the issuance of the Bonds.

The Notes are being issued to: (i) temporarily finance \$7,255,000 of various general improvements in and by the Township; (ii) temporarily finance \$1,425,000 of various water/sewer utility improvements in and by the Township; and (iii) pay the costs associated with the issuance of the Notes.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Bonds and the Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Township in connection with the issuance of the Bonds and the Notes. It is expected that the Bonds and the Notes, in definitive form, will be available for delivery on or about April 27, 2021.

**Underwriter for the Bonds**



**Underwriter for the Notes**

**Jefferies**

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

**\$10,505,000 GENERAL OBLIGATION BONDS, SERIES 2021**

Consisting of:

**\$8,120,000 General Improvement Bonds, Series 2021A**

**\$2,385,000 Water/Sewer Utility Bonds, Series 2021B**

(Callable)

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

<b><u>Maturity (April 1)</u></b>	<b><u>General Improvement Amounts</u></b>	<b><u>Water/Sewer Utility Amounts</u></b>	<b><u>Combined Principal Amounts</u></b>	<b><u>Interest Rates</u></b>	<b><u>Yields</u></b>	<b><u>CUSIP**</u></b>
2022	\$390,000	\$ 95,000	\$485,000	2.00%	0.15%	852529TR7
2023	390,000	120,000	510,000	2.00	0.20	852529TS5
2024	390,000	165,000	555,000	4.00	0.30	852529TT3
2025	775,000	165,000	940,000	4.00	0.44	852529TU0
2026	775,000	165,000	940,000	4.00	0.57	852529TV8
2027	775,000	165,000	940,000	4.00	0.74	852529TW6
2028	775,000	165,000	940,000	4.00	0.85	852529TX4
2029	770,000	165,000	935,000	3.00	0.98*	852529TY2
2030	770,000	165,000	935,000	3.00	1.10*	852529TZ9
2031	770,000	165,000	935,000	2.00	1.40*	852529UA2
2032	770,000	170,000	940,000	2.00	1.50*	852529UB0
2033	770,000	170,000	940,000	2.00	1.60*	852529UC8
2034		170,000	170,000	2.00	1.70*	852529UD6
2035		170,000	170,000	2.00	1.80*	852529UE4
2036		170,000	170,000	2.00	1.90*	852529UF1

**\$8,680,000 BOND ANTICIPATION NOTES, SERIES 2021A**

Consisting of:

**\$7,255,000 General Improvement Bond Anticipation Notes**

**\$1,425,000 Water/Sewer Utility Bond Anticipation Notes**

(Non-Callable)

**MATURITY, AMOUNT, INTEREST RATE, YIELD AND CUSIP\*\***

<b><u>Maturity</u></b>	<b><u>Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP**</u></b>
April 26, 2022	\$8,680,000	1.50%	0.17%	852529UG9

\* Priced at the stated yield to the first optional redemption date of April 1, 2028 at a redemption price of 100%

\*\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global'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 and Noteholders only at the time of issuance of the Bonds and the Notes 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 and the Notes 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 and the Notes.

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

**MAYOR**

Gregory E. Myhre

**TOWNSHIP COUNCIL**

Thomas Steadman, Council President

Paul Krier

Robert Henken

George Williams

Dr. Anthony Guariglia

Michael Pfancook

**CHIEF FINANCIAL OFFICER**

Douglas R. Gannon

**TAX COLLECTOR**

Margaret B. Favorito, CTC

**TOWNSHIP CLERK**

Linda Martin

**TOWNSHIP ATTORNEY**

Dennis M. Galvin, Esq.

Freehold, New Jersey

**INDEPENDENT AUDITOR**

Holman Frenia Allison, P.C.

Toms River, New Jersey

**BOND COUNSEL**

GluckWalrath LLP

Freehold, 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 of 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 and 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.

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

**RELATING TO**

**\$10,505,000 GENERAL OBLIGATION BONDS, SERIES 2021**

**Consisting of:**

**\$8,120,000 General Improvement Bonds, Series 2021A**

**\$2,385,000 Water/Sewer Utility Bonds, Series 2021B**

**(Callable)**

**AND**

**\$8,680,000 BOND ANTICIPATION NOTES, SERIES 2021A**

**Consisting of:**

**\$7,255,000 General Improvement Bond Anticipation Notes**

**\$1,425,000 Water/Sewer Utility Bond Anticipation Notes**

**(Non-Callable)**

**INTRODUCTION**

This Official Statement, which includes the 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 \$10,505,000 General Obligation Bonds, Series 2021 consisting of \$8,120,000 General Improvement Bonds, Series 2021A (the "General Improvement Bonds") and \$2,385,000 Water/Sewer Utility Bonds, Series 2021B (the "Water/Sewer Utility Bonds", and together with the General Improvement Bonds, the "Bonds") and \$8,680,000 Bond Anticipation Notes, Series 2021A consisting of \$7,255,000 General Improvement Bond Anticipation Notes (the "General Improvement Notes") and \$1,425,000 Water/Sewer Utility Bond Anticipation Notes (the "Water/Sewer Utility Notes", and together with the General Improvement Notes, the "Notes").

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on April 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 October 1, 2021 and, on each April 1, and October 1 thereafter until maturity, or earlier redemption. The record dates for the Bonds are each preceding March 15 and September 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 April 1, 2029 are not subject to optional redemption. The Bonds maturing on or after April 1, 2029 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after April 1, 2028 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.

## **Authorizations 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 23, 2021.

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 will be used to provide funds, along with other available funds of the Township in the amount of \$250,000 to: (i) refund, on a current basis, the Township’s \$11,785,000 bond anticipation notes, dated April 28, 2020 and maturing April 28, 2021 (the “Prior Notes”); and (ii) 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 in the following



tables 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>
2017-30	Renovation of Pine Street Building, finally adopted September 26, 2017.	\$142,500
2018-03	Various Capital Improvements and Equipment Acquisition, finally adopted February 27, 2018.	3,617,500
2018-14	Various Capital Improvements and Property Acquisition, finally adopted September 11, 2018.	225,000
2019-09	Various Capital Improvements and Equipment Acquisition, finally adopted October 1, 2019.	<u>4,975,000</u>
<b>SUB TOTAL:</b>		<u>\$8,960,000</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>
2019-10	Various Water/Sewer Improvements and Equipment Acquisition, finally adopted October 1, 2019.	\$700,000
2019-11	Beach Haven West Sewer Rehabilitation - Phase 1 Project, finally adopted October 1, 2019.	<u>1,875,000</u>
<b>SUB TOTAL:</b>		<u>\$2,575,000</u>
<b>GRAND TOTAL:</b>		<u>\$11,535,000</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 THE 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 DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or more. 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 will be dated the date of delivery and will mature on the due date, as shown on the front cover hereof. The interest on the Notes will be payable on the due date as shown on the front cover page. The Notes will be issued in book-entry form only.

The Notes 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 Notes without limitation as to rate or amount.

### Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

### Authorization for the Issuance of the Notes

The Notes have been authorized and are being issued pursuant to the Local Bond Law, and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Township.

### Purpose of the Notes

The Notes are being issued to provide funds to: (i) temporarily finance \$7,255,000 of various general improvements in and by the Township; (ii) temporarily finance \$1,425,000 of various water/sewer utility improvements in and by the Township; 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 in the following tables by ordinance number, description and date of final adoption:

<b>General Improvement Bond Anticipation Note Ordinance</b>		
<b>Ordinance Number</b>	<b>Description</b>	<b>Amount of New Money</b>
2020-04	Various Capital Improvements and Equipment Acquisition, finally adopted April 28, 2020.	<u>\$7,255,000</u>
<b>SUB TOTAL:</b>		<u>\$7,255,000</u>

<b>Water/Sewer Utility Bond Anticipation Note Ordinances</b>		
<b>Ordinance Number</b>	<b>Description</b>	<b>Amount of New Money</b>
2020-05	Various Water/Sewer Improvements and Equipment Acquisition, finally adopted April 28, 2020.	\$1,100,000
2020-25	Beach Haven West Water Treatment Plant Filter Media, finally adopted September 22, 2020.	<u>325,000</u>
<b>SUB TOTAL:</b>		<u>\$1,425,000</u>
<b>GRAND TOTAL:</b>		<u>\$8,680,000</u>

## **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.

## **Denominations and Place of Payment**

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate in the principal amount of the Notes of each series and will be registered in the name of Cede & Co., as registered owner and nominee for the DTC. DTC will act as Securities Depository for the Notes. Purchase of the Notes will be made in book entry form, in the denomination of \$5,000 each or greater. Purchasers will not receive certificates representing their interest in Notes 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 Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and the Notes, payment of principal and interest, and other payments on the Bonds and the Notes to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and the 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 concerning these matters.

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

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

or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds and the 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 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 in 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 Paying Agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, if any, and 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 Participants and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry only 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 THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND THE 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/or the Notes, the following provisions apply: (i) the Bonds and/or the 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/paying agent; (ii) the transfer of any Bonds and/or Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township/paying agent together with the duly executed assignment in form satisfactory to the Township/paying agent; and (iii) for every exchange or registration of transfer of Bonds and/or Notes, the Township/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/or the Notes. Interest on the Bonds and/or the Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

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

The Bonds and the 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 the 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 the Notes, without limitation as to rate or amount.

## **The Township**

The Township, primarily a residential community, is located along the eastern border of the County. See Appendix “A” for general information regarding the Township.

### **DISCLOSURE REGARDING COVID-19**

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

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

The American Rescue Plan Act of 2021 (the “ARP”) was passed by Congress on March 10, 2021 and signed into law by President Biden on March 11, 2021. The ARP includes funding for States and local governments, including the Township, which may be used to respond to the COVID-19 public health emergency or its negative economic impacts, to provide premium pay to eligible workers that are providing essential work during the emergency, to provide government services to the extent of the reduction in revenue due to the emergency, and to make necessary investments in water, sewer, or broadband infrastructure. While the timing and the amounts allocable to the Township have not yet been publicly announced, the Township reasonably expects to receive additional funding during fiscal year 2021 or thereafter from the ARP.

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

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

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

The Local Bond Law governs the issuance of bonds 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. 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 shown in Appendix "A", the Township has not exceeded its statutory debt limit as of December 31, 2020.

## **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. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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.



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, 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 constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, 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 Income Taxes**

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds and the Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds and the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and the Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and the Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Bonds and the Notes to be included in gross income under Section 103 of the Code or cause interest on the Bonds and the Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Township, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Bonds and Notes, interest on the Bonds and the Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds and the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See "Certain Federal Tax Considerations" below.

### **State Taxes**

In the opinion of Bond Counsel, 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 gains from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

## **Original Issue Premium**

The initial public offering price of the Bonds and the Notes may be greater than the stated redemption price thereof at maturity (the "Premium Bonds or Notes"). The difference between the initial public offering price for the Premium Bonds or Notes and the stated redemption price at maturity is "original issue premium." For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Bonds or Notes through reductions in the holder's tax basis for the Premium Bonds or Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bonds or Notes rather than creating a deductible expense or loss. Purchasers of the Bonds and the Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Bonds or Notes.

## **Certain Federal Tax Considerations**

Ownership of the Bonds and 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, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds and the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds and the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds and 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 and the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds and the Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **Backup Withholding**

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds and the Notes is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

## **Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds and the Notes for federal or state income tax purposes, and thus on the value or marketability of the Bonds and the Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds and the Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax

treatment of holders of the Bonds and the Notes may occur. Prospective purchasers of the Bonds and the Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Bonds and the Notes may affect the tax status of interest on the Bonds and the Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds and the Notes, or the interest thereon, if any action is taken with respect to the Bonds and the Notes or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

### **Section 265 Qualification**

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

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

**ALL POTENTIAL PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

### **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 or notes of the Township including the Bonds and the Notes, and such Bonds and Notes are authorized security for any and all public deposits.

### **CONTINUING DISCLOSURE**

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver concurrently with the delivery of the Bonds, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate for the Bonds"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Continuing Disclosure Certificate for the Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") dataport. The Township has also covenanted in the Form of Continuing Disclosure Certificate for the Bonds to provide notices of the occurrence of certain enumerated events.

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 Continuing Disclosure for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

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

## **LITIGATION**

Upon delivery of the Bonds and the Notes, the Township shall furnish a certificate of Dennis M. Galvin, Esq., Freehold, New Jersey (the "Township Attorney"), dated the date of delivery of the Bonds and the 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 and the Notes, or in any way contesting or affecting the validity of the Bonds and the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and the 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 and notes, which has not been disclosed in this Official Statement.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX 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 Notes, 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 IX 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 IX 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 IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. 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 of the Township and the Bond and the 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 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 the Notes, by certificates signed by an official of the Township, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, 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.

Bond Counsel 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-" (Positive Outlook) to the Bonds and a rating of "SP-1+" to the Notes.

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

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by Huntington Securities, Inc. dba Huntington Capital Markets (the "Bond Underwriter") at a price of \$11,543,945.44 (the "Bond Purchase Price"). The Bond Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bond Purchase Price reflects the par amount of the Bonds in the amount of \$10,505,000.00, plus a bid premium of \$1,038,945.44.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page 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 investment 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 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 \$8,791,711.60 (the "Note Purchase Price"). The Note Underwriter has purchased the Notes in accordance with the Notice of Sale. The Note Purchase Price reflects the par amount of the Notes in the amount of \$8,680,000, plus a bid premium of \$111,711.60.

The Note Underwriter may offer to 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 inside 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 the 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 the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Bonds and the Notes substantially in the form 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 Township's Annual Financial Statement for the Township's fiscal year ending December 31, 2020 and certain audited financial data of the Township for the Township's fiscal year ending December 31, 2019. The unaudited financial data was compiled by Holman Frenia Allison, P.C., Toms River, New Jersey (the "Auditor") and the audited financial data was extracted from the report prepared by the Auditor to the extent

and for the period set forth in their report appearing in Appendix “B”. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix “B” hereto) and, accordingly, we will express no opinion with respect thereto.

### **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 East Bay Avenue, Manahawkin, New Jersey 08050-3498, telephone (609) 597-1000, or the Township’s Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone (609) 291-0130.

### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds and the 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.

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

By: /s/ Douglas R. Gannon  
Douglas R. Gannon  
Chief Financial Officer

Dated: April 13, 2021



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

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## **INFORMATION REGARDING THE TOWNSHIP**

The following material presents certain economic and demographic information of the Township of Stafford (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

### **General Information**

The Township was founded in 1749 and incorporated in 1798, encompasses 47 square miles in southern part of the County. 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 second and fourth 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 nonuniformed 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 Utilities 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 Jersey Central Power & Light and Atlantic City Electric.

### **Pension and Retirement Systems**

Substantially all eligible employees participate in the Public Employees’ Retirement System, the Police and Firemen’s Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the “Division”). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

The Public Employees’ Retirement System (“PERS”) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction’s pension fund.

The Police and Firemen’s Retirement System (“PFRS”) is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and

municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program (“DCRP”) is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

**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>				
2020	13,392	12,125	1,267	9.5%
2019	13,383	12,887	496	3.7%
2018	13,202	12,638	564	4.3%
2017	13,030	12,388	642	4.9%
2016	13,015	12,332	683	5.2%
<b><u>County</u></b>				
2020	275,550	249,025	26,525	9.6%
2019	275,023	264,876	10,147	3.7%
2018	271,226	259,747	11,479	4.2%
2017	267,817	254,946	12,871	4.8%
2016	267,316	253,333	13,983	5.2%
<b><u>State</u></b>				
2020	4,514,533	4,074,300	440,233	9.7%
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%

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 2019)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$81,548	\$70,909	\$82,545
Median Family Income	96,246	90,024	102,260
Per Capita Income	40,400	36,100	42,745

Source: US Bureau of the Census, 2019 American Community Survey 5-Year Estimates

**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>
2019 Estimate	27,845	4.94%	607,186	5.31%	8,882,190	1.03%
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

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>2020 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
72 Associates - Shoprite	\$33,345,100	0.68%
Manahawkin 2015 LLC MCB Property Mgmt	20,103,800	0.41%
81 Associates	16,745,500	0.34%
Davis and Associates	15,096,000	0.31%
321 Martin Truex Jr. Blvd. LLC	14,830,300	0.30%
Wal-Mart	14,209,300	0.29%
HD Development of Md.	13,500,100	0.28%
Manahawkin Plaza % Salem Management Co.	13,286,100	0.27%
151 ROUTE 72 LLC	12,923,000	0.26%
Atlanticare Health Services Inc.	<u>12,393,100</u>	<u>0.25%</u>
<b>Total</b>	<b><u>\$166,432,300</u></b>	<b><u>3.41%</u></b>

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

### **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>
2020U	\$99,848,325	\$99,195,712	99.35%
2019	97,395,285	96,789,263	99.38%
2018	95,760,140	95,157,177	99.37%
2017	92,715,159	91,976,721	99.20%
2016	90,747,342	89,902,074	99.07%

U: Unaudited

Source: Annual Audit Reports and 2020 Annual Financial Statement 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>
2020U	\$71,044	\$549,347	\$620,391	0.62%
2019	85,833	527,215	613,048	0.63%
2018	266,613	509,855	776,468	0.81%
2017	233,146	675,650	908,796	0.98%
2016	196,928	737,904	934,833	1.03%

U: Unaudited

Source: Annual Audit Reports and 2020 Annual Financial Statement of the Township

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

<b><u>Year</u></b>	<b><u>Amount</u></b>
2020U	\$995,250
2019	995,250
2018	186,650
2017	186,650
2016	186,650

U: Unaudited

Source: Annual Audit Reports and 2020 Annual Financial Statement 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>
2020	\$0.413	\$0.042	\$0.716	\$0.243	\$0.901	\$0.010	\$2.325
2019	0.405	0.041	0.714	0.228	0.894	0.010	2.292
2018r	0.387	0.039	0.714	0.240	0.888	0.010	2.278
2017	0.410	0.041	0.752	0.239	0.901	0.010	2.353
2016	0.405	0.041	0.752	0.236	0.885	0.010	2.329

r: Reassessment

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>
2020	\$4,259,668,000	\$4,884,940,367	87.20%	\$0	\$4,884,940,367
2019	4,210,010,500	4,731,412,115	88.98	0	4,731,412,115
2018r	4,163,255,000	4,541,567,579	91.67	4,968,411	4,546,535,990
2017	3,894,903,500	4,381,218,785	88.90	4,478,413	4,385,697,198
2016	3,844,385,950	4,175,503,367	92.07	4,652,450	4,180,155,817

r: Reassessment

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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
2020	\$65,127,900	\$3,646,224,400	\$827,900	\$534,695,300	\$471,400	\$12,321,100	\$4,259,668,000
2019	72,800,000	3,591,719,700	824,100	533,772,500	693,100	10,201,100	4,210,010,500
2018r	70,768,300	3,546,662,300	829,300	534,318,500	693,100	9,983,500	4,163,255,000
2017	77,666,700	3,316,100,000	634,100	494,529,500	672,200	5,301,000	3,894,903,500
2016	82,398,900	3,264,430,450	1,010,300	490,573,100	672,200	5,301,000	3,844,385,950

r: Reassessment

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



## Summary of Adopted Municipal Budgets

<u>Anticipated Revenues</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021*</u>
Fund Balance Utilized	\$3,500,000	\$4,700,000	\$4,500,000	\$4,500,000	\$4,500,000
Miscellaneous Revenues	6,535,590	6,644,264	5,588,242	5,690,656	5,908,665
Receipts from Delinquent Taxes	500,000	500,000	500,000	480,000	480,000
Amount to be Raised by Taxation	<u>35,147,639</u>	<u>37,019,622</u>	<u>37,619,533</u>	<u>38,419,772</u>	<u>38,727,089</u>
Total Revenue:	<u>\$45,683,229</u>	<u>\$48,863,886</u>	<u>\$48,207,774</u>	<u>\$49,090,429</u>	<u>\$49,615,755</u>

### Appropriations

General Appropriations	\$34,574,555	\$36,052,555	\$36,667,304	\$37,198,051	\$38,218,081
Operations (Excluded from CAPS)	365,093	1,334,736	752,866	642,132	888,317
Deferred Charges and Statutory Expenditur	0	902,826	830,310	834,637	840,948
Capital Improvement Fund	325,000	400,000	400,000	730,000	450,000
Municipal Debt Service	8,110,909	7,792,763	7,129,400	7,212,973	6,705,112
Reserve for Uncollected Taxes	<u>2,307,672</u>	<u>2,381,005</u>	<u>2,427,894</u>	<u>2,472,636</u>	<u>2,513,297</u>
Total Appropriations:	<u>\$45,683,229</u>	<u>\$48,863,886</u>	<u>\$48,207,774</u>	<u>\$49,090,429</u>	<u>\$49,615,755</u>

\*To be introduced on April 13, 2021

Source: Annual Adopted Budgets and 2021 Draft Budget of the Township

## Fund Balance

### Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

	<u>Fund Balance - Current Fund</u>	
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2020U	\$13,959,527	\$4,500,000
2019	12,841,221	4,500,000
2018	11,765,949	4,500,000
2017	10,184,793	4,700,000
2016	7,378,618	3,500,000

U: Unaudited

Source: Annual Audit Reports and 2020 Annual Financial Statement of the Township

Water-Sewer Utility Operating Fund

The following table lists the Township’s fund balance and the amount utilized in the succeeding year’s budget for the Water-Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

	<b><u>Water-Sewer Utility Operating Fund</u></b>	
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2020U	\$10,061,715	\$2,000,000
2019	8,833,787	2,000,000
2018	7,352,681	2,000,000
2017	6,377,957	2,000,000
2016	6,015,611	2,000,000

U: Unaudited

Source: Annual Audit Reports and 2020 Annual Financial Statement of the Township

**Township Indebtedness as of December 31, 2020**

**General Purpose Debt**

Serial Bonds	\$40,130,000
Bond Anticipation Notes	9,210,000
Bonds and Notes Authorized but Not Issued	13,853,750
Other Bonds, Notes and Loans	<u>535,127</u>
Total:	\$63,728,877

**Local School District Debt**

Serial Bonds	\$9,774,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$9,774,000

**Self-Liquidating Debt**

Serial Bonds	\$25,676,000
Bond Anticipation Notes	2,575,000
Bonds and Notes Authorized but Not Issued	4,137,500
Other Bonds, Notes and Loans	<u>13,154,054</u>
Total:	\$45,542,554

**TOTAL GROSS DEBT**

**\$119,045,430**

Less: Statutory Deductions	
General Purpose Debt	\$2,107,307
Local School District Debt	9,774,000
Self-Liquidating Debt	<u>45,542,554</u>
Total:	\$57,423,861

**TOTAL NET DEBT**

**\$61,621,569**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2020)<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	\$9,774,000	100.00%	\$9,774,000
County	498,431,847	4.48%	22,350,992
Ocean County Utilities Authority (2019)	112,420,085	4.48%	<u>5,041,212</u>
Net Indirect Debt			\$37,166,203
Net Direct Debt			<u>61,621,569</u>
Total Net Direct and Indirect Debt			<b><u>\$98,787,773</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2018, 2019, 2020)	\$4,719,306,687
Permitted Debt Limitation (3 1/2%)	165,175,734
Less: Net Debt	<u>61,621,569</u>
Remaining Borrowing Power	<u>\$103,554,165</u>
Percentage of Net Debt to Average Equalized Valuation	1.306%
Gross Debt Per Capita based on 2010 population of 26,535	\$4,486
Net Debt Per Capita based on 2010 population of 26,535	\$2,322

Source: Annual Debt Statement of the Township

**Litigation**

The status of pending litigation is included in the Notes to Financial Statements of the Township's annual audit report.

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<sup>1</sup> The Township's percentage of County and County Utilities Authority debt is based on the Township's share of total equalized valuation in the County.

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**APPENDIX B**  
**FINANCIAL INFORMATION REGARDING THE TOWNSHIP**

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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(With Independent Accountant's Compilation Report thereon)**

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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, 2020**

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Certified Public Accountants + Advisors

1985 Cedar Bridge Avenue, Suite 3, Lakewood, NJ 08701 • Tel: 732.797.1333  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Township of Stafford, County of Ocean, State of New Jersey, which comprise the statement of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance—regulatory basis for the years then ended and the related statements of revenues-regulatory basis, statements of expenditures-regulatory basis for the year ended December 31, 2020 and the related notes to the 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. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Management has elected to omit certain disclosures related to pensions and other post-employment benefits. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

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

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

April 6, 2021  
Lakewood, New Jersey

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**BASIC FINANCIAL STATEMENTS**

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TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY ACCOUNTING BASIS

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents - Treasurer	\$ 24,057,581.29	\$ 22,130,412.83	Appropriation Reserves	\$ 3,072,618.79	\$ 3,145,493.81
Cash - Change Fund	400.00	400.00	Encumbrances Payable	764,951.15	721,047.85
	<u>24,057,981.29</u>	<u>22,130,812.83</u>	Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	1,957.30	2,663.62
			Payroll Deductions Payable	188,716.87	198,633.01
			Accounts Payable	8,050.00	
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions			Prepaid Taxes	857,803.11	723,674.89
			County Taxes Payable	158,668.47	175,142.89
Taxes Receivable	549,347.20	527,215.08	Local District School Tax Payable	3,575,318.00	3,075,855.00
Tax Title Liens Receivable	71,044.21	85,833.32	Regional School Tax Payable	1,033,759.87	655,447.87
			Tax Overpayments Payable	5,364.71	20,350.66
Revenue Accounts Receivable	14,161.31	19,815.43	Due To Grant Fund	268,547.29	227,499.22
Property Acquired for Taxes - Assessed Valuation	<u>995,250.00</u>	<u>995,250.00</u>	Other Payables	25,739.00	16,438.00
			County Share of PILOT Payable	14,802.50	11,889.77
			Reserve for:		
			Tax Appeals	122,157.34	122,157.34
			Sale of Municipal Assets		193,298.25
			FEMA Community Disaster Loan Payable	<u>1,688,203.94</u>	<u>2,527,656.18</u>
Deferred Charges:					
Future Taxation Unfunded - CDL	<u>1,688,203.94</u>	<u>2,527,656.18</u>		11,786,658.34	11,817,248.36
			Reserve for Receivables and Other Assets	1,629,802.72	1,628,113.83
			Fund Balance	<u>13,959,526.89</u>	<u>12,841,220.65</u>
				<u>27,375,987.95</u>	<u>26,286,582.84</u>
Grant Fund:			Grant Fund:		
State and Federal Grants Receivable	671,510.05	994,030.04	Encumbrances Payable	119,404.49	77,657.83
Due From Current Fund	<u>268,547.29</u>	<u>227,499.22</u>	Reserve for Grant Expenditures - Appropriated	820,652.85	1,063,704.36
			Unappropriated		<u>80,167.07</u>
				<u>940,057.34</u>	<u>1,221,529.26</u>
Total Assets	<u>\$ 28,316,045.29</u>	<u>\$ 27,508,112.10</u>	Total Liabilities, Reserves and Fund Balance	<u>\$ 28,316,045.29</u>	<u>\$ 27,508,112.10</u>

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

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 4,500,000.00	\$ 4,500,000.00
Miscellaneous Revenue Anticipated	6,256,979.59	6,174,396.16
Receipts From Delinquent Taxes	515,243.75	569,046.16
Receipts From Current Taxes	99,195,711.53	96,789,262.98
Non-Budget Revenues	734,072.30	1,291,954.77
Other Credits To Income:		
Unexpended Balance of Appropriation		
Reserves	<u>1,876,329.73</u>	<u>1,141,330.94</u>
Total Revenues	<u>113,078,336.90</u>	<u>110,465,991.01</u>
Expenditures:		
Budget Appropriations:		
Operations:		
Salaries and Wages	19,863,200.00	19,503,332.11
Other Expenses	13,493,395.06	13,571,910.41
Capital Improvements	730,000.00	400,000.00
Deferred Charges and Statutory		
Expenditures	5,394,247.15	5,258,492.93
Debt Service	7,211,309.87	7,107,327.96
Prior Year Senior Citizens' Disallowed	6,267.12	10,862.91
Refund of Prior Year Revenue	1,951.28	19,038.00
County Taxes	19,334,592.02	18,773,369.79
County Share of Added Taxes	158,668.47	175,142.89
Local District School Tax	30,493,246.00	30,059,233.00
Regional School Tax	10,343,696.00	9,587,072.00
Municipal Open Space Tax	<u>429,457.69</u>	<u>424,936.95</u>
Total Expenditures	<u>107,460,030.66</u>	<u>104,890,718.95</u>
Statutory Excess	5,618,306.24	5,575,272.06
Fund Balance, January 1	<u>12,841,220.65</u>	<u>11,765,948.59</u>
	18,459,526.89	17,341,220.65
Decreased By:		
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>4,500,000.00</u>
Fund Balance, December 31	<u>\$ 13,959,526.89</u>	<u>\$ 12,841,220.65</u>

See independent accountant's compilation report and 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, 2020

	<u>Anticipated</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 4,500,000.00	\$ 4,500,000.00	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	30,000.00	32,970.00	\$ 2,970.00
Fees and Permits	25,000.00	39,030.00	14,030.00
Fines and Costs:			
Municipal Court	275,106.00	216,937.84	(58,168.16)
Interest and Cost on Taxes	180,000.00	190,539.16	10,539.16
Fire Prevention Bureau Fees	85,000.00	146,839.78	61,839.78
Mobile Home Park Fees	130,000.00	146,345.80	16,345.80
Payments in Lieu of Taxes - Federal	11,710.00	11,653.00	(57.00)
Cable TV Fee and Lease	124,516.82	124,516.82	
PILOT - Target, Costco, etc.	240,000.00	358,639.17	118,639.17
Energy Receipts Tax	2,465,920.00	2,465,920.01	0.01
Supplemental Energy Receipts Tax	104,286.00	104,286.00	
Garden State Preservation Trust Fund	56,560.00	36,666.00	(19,894.00)
Uniform Construction Code Fees	640,000.00	912,097.00	272,097.00
Shared Services Agreement -			
Animal Control:			
Township of Long Beach	15,000.00	15,352.50	352.50
Borough of Beach Haven	5,000.00	4,520.00	(480.00)
Borough of Barnegat Light	2,900.00	3,155.00	255.00
Borough of Harvey Cedars	2,800.00	3,217.50	417.50
Shared Services Agreement -			
Construction:			
Township of Eagleswood	30,000.00	49,851.00	19,851.00
Borough of Beach Haven	30,000.00	61,125.50	31,125.50
Borough of Surf City	30,000.00	16,714.00	(13,286.00)
Borough of Harvey Cedars	22,000.00	19,767.00	(2,233.00)
Shared Services Agreement -			
Class III Police Officers:			
Southern Regional High School	190,000.00	107,266.00	(82,734.00)
Ocean County Cooperative Pricing System	15,000.00	18,500.00	3,500.00
Reserve To Pay Bonds	20,639.66	20,639.66	
Capital Surplus	50,000.00	50,000.00	
Reserve To Pay Notes	176,250.00	176,250.00	
Reserve For Sale of Municipal Assets	193,298.25	193,298.25	
PILOT - Stafford Preserve	400,000.00	509,489.44	109,489.44
Recycling Tonnage Grant	80,167.07	80,167.07	
Clean Communities Program	73,806.29	73,806.29	
Alcohol Education and Rehabilitation Fund	1,917.14	1,917.14	
Municipal Alliance on Alcoholism and Drug Abuse	31,249.00	31,249.00	
Body Armor Replacement Fund	4,780.66	4,780.66	

See independent accountant's compilation report and 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, 2020

	<u>Anticipated</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Homeland Security Grant	23,473.00	23,473.00	
Drive Sober or Get Pulled Over	<u>6,000.00</u>	<u>6,000.00</u>	
Total Miscellaneous Revenues	<u>5,772,379.89</u>	<u>6,256,979.59</u>	<u>484,599.70</u>
Receipts From Delinquent Taxes	<u>480,000.00</u>	<u>515,243.75</u>	<u>35,243.75</u>
Amount To Be Raised By Taxes for Support of Municipal Budget	<u>38,419,772.24</u>	<u>40,908,687.03</u>	<u>2,488,914.79</u>
Budget Totals	49,172,152.13	52,180,910.37	3,008,758.24
Non-Budget Revenues		<u>734,072.30</u>	<u>734,072.30</u>
	<u>\$ 49,172,152.13</u>	<u>\$ 52,914,982.67</u>	<u>\$ 3,742,830.54</u>
Revenue Accounts Receivable		\$ 6,035,586.43	
Grants Receivable		<u>221,393.16</u>	
		<u>\$ 6,256,979.59</u>	
Summary of Revenue Realized:			
Allocation of Current Tax Revenues:			
Allocation of Current Tax Collections:			
Revenue From Collections		\$ 99,195,711.53	
Allocated To School and County Taxes		<u>60,759,660.18</u>	
Balance for Support of Municipal Appropriations		38,436,051.35	
Increased By:			
Appropriation Reserve for Uncollected Taxes		<u>2,472,635.68</u>	
Amount for Support of Municipal Budget Appropriations		<u>\$ 40,908,687.03</u>	

See independent accountant's compilation report and 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, 2020

<u>Analysis of Non-Budget Revenues</u>	<u>Reference</u>	
Peddler and Taxi Licenses		\$ 2,770.00
Raffle/Bingo Licenses		4,690.00
Food-Handlers License		12,683.32
Vital Statistics		26,689.00
Administration Fees - Site Plans		7,125.00
Variance Lists		800.00
Towing Fees		520.00
Zoning Map		10.00
Pool Licenses		350.00
Street Opening Permits		18,302.50
Labor Liens		18,208.88
Police Reports		2,144.30
Police Outside Employment Administrative Fee		99,928.87
Interest on Investments and Deposits		207,723.68
Returned Check Charge Fees		180.00
Cat Licenses		9,194.00
Court Reporter - Planning and Zoning		4,400.00
2% Administrative Payment		6,196.71
Shared Service Agreement - Prior Year (SRHS)		7,368.40
Shared Service Agreement - Prior Year (Harvey Cedars Construction)		14,551.00
Shared Service Agreement - Prior Year (Surf City Construction)		29,597.00
Miscellaneous Refunds and Reimbursements		21,675.33
Restitution		1,796.00
Penalty - Building Department		2,100.00
Recycled Material		23,712.83
PILOT - Presbyterian Homes		30,822.25
PILOT - Stafford Family Apartments		50,705.30
PILOT - Stafford Senior Apartments		12,983.65
PILOT - Stafford Properties Urban Development/Vitamin Shoppe		6,823.23
PILOT - Stafford Properties Urban Development/Ulta Beauty		20,134.09
PILOT - Stafford Properties Urban Development/Olive Garden		1,792.76
PILOT - Stafford Properties Urban Development/AT&T		5,965.66
PILOT - Stafford Properties Urban Development/Five Below		15,242.24
Miscellaneous		55.12
Sale of Township Land		5,811.18
Application Fees - Police Officer Testing		7,650.00
Bid Specs/Plans		1,300.00
OCMJIF Dividend		46,369.00
Firearms Application Fees		5,301.00
DMV Inspection Fines		400.00
		<u>\$ 734,072.30</u>

See independent accountant's compilation report and 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, 2020

	<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	\$ 180,000.00	180,000.00	161,596.46	\$ 18,403.54	
Other Expenses	27,765.00	27,765.00	17,426.07	10,338.93	
Purchasing:					
Salaries and Wages	175,000.00	175,000.00	171,908.95	3,091.05	
Other Expenses	14,550.00	14,550.00	13,835.96	714.04	
Human Resources:					
Other Expenses	60,000.00	60,000.00	53,385.41	6,614.59	
Mayor and Council:					
Salaries and Wages	177,000.00	177,000.00	170,983.98	6,016.02	
Other Expenses	15,100.00	15,100.00	3,527.75	11,572.25	
Municipal Clerk:					
Salaries and Wages	239,000.00	239,000.00	230,213.31	8,786.69	
Other Expenses	39,500.00	39,500.00	26,393.23	13,106.77	
Elections	5,000.00	5,000.00		5,000.00	
Financial Administration (Treasury):					
Salaries and Wages	440,000.00	440,000.00	430,518.43	9,481.57	
Other Expenses	19,950.00	19,950.00	19,944.11	5.89	
Audit Services:					
Other Expenses	50,000.00	50,000.00	39,771.00	10,229.00	
Banking and Arbitrage Rebate Services:					
Other Expenses	25,000.00	25,000.00	13,126.45	11,873.55	
Computerized Data Processing:					
Salaries and Wages	127,000.00	129,500.00	128,103.57	1,396.43	
Other Expenses	139,575.00	139,575.00	98,153.88	41,421.12	
Revenue Administration (Tax Collection):					
Salaries and Wages	431,000.00	431,000.00	410,154.18	20,845.82	
Other Expenses	73,300.00	73,300.00	72,595.01	704.99	
Tax Assessment Administration:					
Salaries and Wages	463,000.00	463,000.00	415,560.28	47,439.72	
Other Expenses	157,700.00	57,700.00	47,467.72	10,232.28	
Legal Services (Legal Department):					
Other Expenses	225,000.00	225,000.00	138,614.64	86,385.36	

See independent accountant's compilation report and 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, 2020

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Engineering Services:					
Other Expenses	200,000.00	200,000.00	134,648.09	65,351.91	
Community Development and Zoning:					
Salaries and Wages	147,000.00	145,900.00	114,793.67	31,106.33	
Other Expenses	18,900.00	18,900.00	8,315.94	10,584.06	
Historic Sites Office:					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	775.00	775.00	72.44	702.56	
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	4,400.00	4,400.00	1,514.85	2,885.15	
Other Expenses	13,365.00	13,365.00	9,594.18	3,770.82	
Zoning Board of Adjustment:					
Salaries and Wages	3,500.00	4,600.00	3,692.85	907.15	
Other Expenses	12,925.00	12,925.00	9,319.81	3,605.19	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Uniform Construction Code Enforcement:					
Salaries and Wages	783,000.00	783,000.00	658,348.31	124,651.69	
Other Expenses	15,450.00	15,450.00	9,053.36	6,396.64	
Other Code Enforcement Functions:					
Salaries and Wages	147,000.00	147,000.00	133,254.13	13,745.87	
Other Expenses	10,450.00	10,450.00	884.37	9,565.63	
Demolition of Condemned Buildings:					
Other Expenses	20,000.00	20,000.00		20,000.00	
<b>INSURANCE</b>					
General Liability	505,000.00	505,000.00	437,279.00	67,721.00	
Workers Compensation	405,951.00	405,951.00	405,951.00		
Employee Group Health	5,461,750.00	5,461,750.00	5,101,909.30	359,840.70	
Unemployment/Disability Insurance	50,000.00	50,000.00	50,000.00		

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>PUBLIC SAFETY</b>					
Police Department:					
Salaries and Wages	9,532,000.00	9,532,000.00	9,224,712.25	307,287.75	
Other Expenses	779,450.00	779,450.00	708,148.95	71,301.05	
Office of Emergency Management:					
Other Expenses	5,000.00	5,000.00	993.00	4,007.00	
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	188,000.00	188,000.00	185,066.20	2,933.80	
Other Expenses	13,275.00	13,275.00	8,698.90	4,576.10	
Municipal Prosecutor's Office:					
Other Expenses	48,000.00	48,000.00	35,390.25	12,609.75	
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance:					
Salaries and Wages	926,000.00	926,000.00	873,112.06	52,887.94	
Other Expenses	166,350.00	166,350.00	106,724.65	59,625.35	
Solid Waste Collection:					
Salaries and Wages	1,978,000.00	1,978,000.00	1,879,153.94	98,846.06	
Other Expenses	61,550.00	61,550.00	50,899.50	10,650.50	
Buildings and Grounds:					
Salaries and Wages	1,582,000.00	1,582,000.00	1,410,677.23	171,322.77	
Other Expenses	291,250.00	291,250.00	260,010.03	31,239.97	
Vehicle Maintenance:					
Salaries and Wages	646,000.00	646,000.00	574,112.54	71,887.46	
Other Expenses	720,200.00	720,200.00	661,768.89	58,431.11	
Municipal Bus Service:					
Salaries and Wages	173,000.00	173,000.00	135,500.11	37,499.89	
Other Expenses	5,600.00	5,600.00	1,575.96	4,024.04	



TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>HEALTH AND HUMAN SERVICES</b>					
Environmental Health Services:					
Salaries and Wages	3,300.00	3,300.00	724.01	2,575.99	
Other Expenses	1,960.00	1,960.00	856.59	1,103.41	
Animal Control Services:					
Salaries and Wages	197,300.00	197,300.00	164,789.36	32,510.64	
Other Expenses	22,650.00	22,650.00	20,447.56	2,202.44	
New Jersey Public Employees Safety and Health Municipal Alliance:	30,500.00	30,500.00	14,874.69	15,625.31	
Salaries and Wages	6,000.00	6,000.00	6,000.00		
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs:					
Salaries and Wages	486,000.00	468,500.00	395,008.59	73,491.41	
Other Expenses	36,750.00	36,750.00	26,910.69	9,839.31	
Beach and Boardwalk Operations:					
Salaries and Wages	32,500.00	22,500.00	21,713.15	786.85	
Other Expenses	750.00	750.00	213.00	537.00	
<b>Municipal Court:</b>					
Salaries and Wages	488,000.00	488,000.00	443,211.11	44,788.89	
Other Expenses	21,400.00	21,400.00	16,476.60	4,923.40	
<b>Public Defender:</b>					
Other Expenses	40,000.00	40,000.00	19,444.78	20,555.22	
<b>UNCLASSIFIED</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	350,000.00	350,000.00	242,510.63	107,489.37	
Street Lighting	550,000.00	550,000.00	467,807.79	82,192.21	
Telephone (excluding telephone acquisition)	160,000.00	175,000.00	164,847.08	10,152.92	
Water	13,000.00	13,000.00	10,106.76	2,893.24	
Gas (natural or propane)	75,000.00	75,000.00	56,350.98	18,649.02	

See independent accountant's compilation report and 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, 2020

	<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"					
Telecommunications Costs	250.00	250.00		250.00	
Sewerage Processing and Disposal	25,000.00	25,000.00	21,750.45	3,249.55	
Gasoline	400,000.00	300,000.00	185,340.32	114,659.68	
Landfill/Solid Waste Disposal Costs	1,472,000.00	1,672,000.00	1,548,323.27	123,676.73	
Accumulated Leave Compensation	25,000.00	25,000.00	25,000.00		
Celebration of Public Events:					
Other Expenses	41,000.00	41,000.00	14,152.36	26,847.64	
<b>Total Operations - Within "CAPS"</b>	<b>32,638,441.00</b>	<b>32,628,441.00</b>	<b>29,885,315.92</b>	<b>2,743,125.08</b>	
Detail:					
Salaries and Wages	19,580,500.00	19,555,500.00	18,369,423.52	1,186,076.48	
Other Expenses	13,057,941.00	13,072,941.00	11,515,892.40	1,557,048.60	
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
DEFERRED CHARGES					
Prior Year Bills:					
South Shore Towing - 2017	167.00	167.00	167.00		
NJ Press Media Solutions - 2018	109.65	109.65	109.65		
STATUTORY EXPENDITURES					
Contribution To:					
Public Employees Retirement System	1,133,343.03	1,133,343.03	1,133,343.03		
Social Security System (O.A.S.I.)	1,435,890.35	1,435,890.35	1,299,145.66	136,744.69	
Police and Firemen's Retirement System of NJ	1,982,600.32	1,982,600.32	1,982,600.32		
Defined Contribution Retirement Program	7,500.00	7,500.00	6,377.98	1,122.02	
<b>Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"</b>	<b>4,559,610.35</b>	<b>4,559,610.35</b>	<b>4,421,743.64</b>	<b>137,866.71</b>	
<b>Total General Appropriations for Municipal Purposes - Within "CAPS"</b>	<b>37,198,051.35</b>	<b>37,188,051.35</b>	<b>34,307,059.56</b>	<b>2,880,991.79</b>	

See independent accountant's compilation report and 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, 2020

	Original <u>Budget</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
GENERAL APPROPRIATIONS					
Operations - Within "CAPS"					
Length of Service Award Program	106,950.00	106,950.00		106,950.00	
Recycling Tax	<u>55,000.00</u>	<u>65,000.00</u>	<u>60,553.77</u>	<u>4,446.23</u>	
Total Operations - Excluded From "CAPS"	<u>161,950.00</u>	<u>171,950.00</u>	<u>60,553.77</u>	<u>111,396.23</u>	
Shared Service Agreements:					
Animal Control:					
Township of Long Beach:					
Salaries and Wages	15,000.00	15,000.00	15,000.00		
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	30,000.00	30,000.00	30,000.00		
Borough of Surf City					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Borough of Harvey Cedars:					
Salaries and Wages	22,000.00	22,000.00	22,000.00		
Class III Police Officers:					
Southern Regional High School					
Salaries and Wages	170,000.00	170,000.00	110,049.23	59,950.77	
Other Expenses	<u>20,000.00</u>	<u>20,000.00</u>	<u>4,720.00</u>	<u>15,280.00</u>	
Total Shared Service Agreements	<u>327,700.00</u>	<u>327,700.00</u>	<u>252,469.23</u>	<u>75,230.77</u>	

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
FY 2019 Homeland Security Grant	23,473.00	23,473.00	23,473.00		
Ocean County Municipal Alliance	31,249.00	31,249.00	31,249.00		
Municipal Alliance - Local Match	7,812.00	7,812.00	2,110.90		5,701.10
Clean Communities Program		73,806.29	73,806.29		
Alcohol Education/Rehabilitation Grant		1,917.14	1,917.14		
Drive Sober or Get Pulled Over	4,780.66	6,000.00	6,000.00		
Body Armor Replacement Fund	5,000.00	4,780.66	4,780.66		
Local Match for Future Grants		5,000.00		5,000.00	
Recycling Tonnage Grant	<u>80,167.07</u>	<u>80,167.07</u>	<u>80,167.07</u>		
Total Public and Private Programs Offset By Revenues	<u>152,481.73</u>	<u>234,205.16</u>	<u>223,504.06</u>	<u>5,000.00</u>	<u>5,701.10</u>
Total Operations - Excluded From "CAPS"	<u>642,131.73</u>	<u>733,855.16</u>	<u>536,527.06</u>	<u>191,627.00</u>	<u>5,701.10</u>
Detail:					
Salaries and Wages	307,700.00	307,700.00	247,749.23	59,950.77	
Other Expenses	334,431.73	426,155.16	288,777.83	131,676.23	5,701.10
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	<u>730,000.00</u>	<u>730,000.00</u>	<u>730,000.00</u>		
Total Capital Improvements - Excluded From "CAPS"	<u>730,000.00</u>	<u>730,000.00</u>	<u>730,000.00</u>		

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	5,015,000.00	5,015,000.00	5,015,000.00		
Payment of Bond Anticipation Notes	180,000.00	180,000.00	180,000.00		
Interest on Bonds	1,538,000.00	1,538,000.00	1,537,872.50		127.50
Interest on Notes	171,500.00	171,500.00	170,375.46		1,124.54
Green Acres Trust Loan Program:					
Loan Repayments for Principal and Interest	289,500.00	289,500.00	289,088.77		411.23
Community Disaster Loan Interest	18,973.14	18,973.14	18,973.14		
Total Municipal Debt Service - Excluded From "CAPS"	7,212,973.14	7,212,973.14	7,211,309.87		1,663.27
Deferred Charges - Municipal Excluded from "CAPS"					
Deferred Charges:					
Deferred Charges to Future Taxation - Unfunded Community Disaster Loan	834,636.80	834,636.80	834,636.80		
Total Deferred Charges - Municipal Excluded from "CAPS"	834,636.80	834,636.80	834,636.80		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	9,419,741.67	9,511,465.10	9,312,473.73	191,627.00	7,364.37
Subtotal General Appropriations	46,617,793.02	46,699,516.45	43,619,533.29	3,072,618.79	7,364.37

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<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"					
Reserve for Uncollected Taxes	<u>2,472,635.68</u>	<u>2,472,635.68</u>	<u>2,472,635.68</u>		
Total General Appropriations	<u>\$ 49,090,428.70</u>	<u>49,172,152.13</u>	<u>\$ 46,092,168.97</u>	<u>\$ 3,072,618.79</u>	<u>\$ 7,364.37</u>
Budget as Adopted Added By N.J.S. 40A:4-87	\$ 49,090,428.70		81,723.43		
	<u>\$ 49,172,152.13</u>				
<u>Analysis of Paid or Charged</u>					
Cash Disbursements			\$ 42,631,078.08		
Encumbrances Payable			764,951.15		
Reserve for:					
Uncollected Taxes			2,472,635.68		
Grant Expenditures - Appropriated			<u>223,504.06</u>		
			<u>\$ 46,092,168.97</u>		

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Liabilities and Reserves</u>	<u>2020</u>	<u>2019</u>
Animal Control Fund:			Animal Control Fund:		
Cash	\$ 47,596.51	\$ 37,877.97	Reserve for Animal Control Fund Expenditures	\$ 47,564.11	\$ 37,819.17
			Due To State of New Jersey Department of Health	32.40	58.80
				<u>47,596.51</u>	<u>37,877.97</u>
			Trust - Other Fund:		
			Reserve for:		
			Landfill Tax Escrow	461,262.90	438,664.91
			Cash Surety Bonds	1,519,044.15	1,516,305.62
			Developers' Escrow Deposits	1,905,234.33	1,748,986.64
			Municipal Alliance Program Income	45,185.57	38,823.07
			Various Reserves	4,999,999.93	4,058,554.11
				<u>8,930,726.88</u>	<u>7,801,334.35</u>
Trust - Other Fund:	8,930,726.88	7,801,334.35			
Cash					
			Open Space Trust Fund:		
			Reserve for Open Space Fund Expenditures	157,584.61	221,598.43
				<u>157,584.61</u>	<u>221,598.43</u>
Open Space Trust Fund:	157,584.61	221,598.43			
Cash and Cash Equivalents			Length of Service Award Program		
Taxes Receivable			Fund ("LOSAP"):		
			Investments	1,671,135.27	1,470,272.48
			Miscellaneous Reserves		
			Total Liabilities and Reserves	<u>\$ 10,807,043.27</u>	<u>\$ 9,531,083.23</u>
Length of Service Award Program					
Fund ("LOSAP"):					
Investments	1,671,135.27	1,470,272.48			
Miscellaneous Reserves					
Total Assets	<u>\$ 10,807,043.27</u>	<u>\$ 9,531,083.23</u>			

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 GENERAL CAPITAL FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 8,983,600.66	\$ 11,035,934.00	Serial Bonds	\$ 40,130,000.00	\$ 45,495,000.00
Grants Receivable - NJ DOT	<u>8,983,600.66</u>	<u>11,035,934.00</u>	Bond Anticipation Notes	9,210,000.00	9,640,000.00
			Encumbrances Payable	4,857,526.59	1,313,289.63
			Loans Payable	535,126.82	809,392.27
			Improvement Authorizations:		
			Funded	3,290,120.57	3,231,507.48
			Unfunded	12,579,241.07	4,584,155.80
			Capital Improvement Fund	456,639.46	456,639.46
Deferred Charges To Future Taxation:			Reserve for:		
Funded	40,665,126.82	46,304,392.27	Debt Service	1,112,307.38	915,861.92
Unfunded	<u>23,063,750.00</u>	<u>9,640,000.00</u>	Developer's Contributions	42,000.00	42,000.00
	<u>63,728,876.82</u>	<u>55,944,392.27</u>	Reserve for Grants Receivable		
			Fund Balance	<u>541,515.59</u>	<u>492,479.71</u>
Total Assets	<u>\$ 72,712,477.48</u>	<u>\$ 66,980,326.27</u>	Total Liabilities, Reserves and Fund Balance	<u>\$ 72,712,477.48</u>	<u>\$ 66,980,326.27</u>

The Township had bonds and notes authorized by not issued of \$13,853,750.00 and \$0.00 at December 31, 2020 and 2019, respectively.



TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF CHANGES IN CAPITAL FUND BALANCE -  
 REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

Balance, December 31, 2019		\$	492,479.71
Increased By:			
Premium on Note Sale	\$	61,707.00	
Funded Improvement Authorizations Cancelled		<u>37,328.88</u>	
			<u>99,035.88</u>
			591,515.59
Decreased By:			
Anticipated Revenue in Current Fund			<u>50,000.00</u>
Balance, December 31, 2020		\$	<u><u>541,515.59</u></u>

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 WATER/SEWER UTILITY FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>2020</u>	<u>2019</u>
Operating Fund:			Operating Fund:		
Cash and Cash Equivalents	\$ 11,859,271.18	\$ 10,767,787.63	Liabilities:		
Cash - Change Fund	<u>300.00</u>	<u>300.00</u>	Appropriation Reserves	\$ 882,587.18	\$ 846,017.10
			Encumbrances Payable	115,877.03	86,594.35
Receivables With Full Reserves:	11,859,571.18	10,768,087.63	Accrued Interest on Bonds, Notes and Loans	486,259.94	552,399.69
Consumer Accounts Receivable	191,894.90	87,620.18	Prepaid Revenue	<u>313,132.13</u>	<u>449,289.03</u>
Water-Sewer Liens Receivable	<u>31,681.25</u>	<u>28,881.25</u>		1,797,856.28	1,934,300.17
	223,576.15	116,501.43	Reserve for Receivables	223,576.15	116,501.43
	<u>223,576.15</u>	<u>116,501.43</u>	Fund Balance	<u>10,061,714.90</u>	<u>8,833,787.46</u>
Total Operating Fund	<u>12,083,147.33</u>	<u>10,884,589.06</u>	Total Operating Fund	<u>12,083,147.33</u>	<u>10,884,589.06</u>
			Capital Fund:		
			Serial Bonds	25,676,000.00	28,321,000.00
			Loans Payable	13,154,053.61	15,777,724.41
			Bond Anticipation Notes	2,575,000.00	5,775,000.00
			Improvement Authorizations:		
			Funded	887,281.31	987,272.83
			Unfunded	4,276,214.09	2,774,671.69
			Contracts/Encumbrances Payable	878,330.34	2,989,794.42
			Capital Improvement Fund	72,625.00	72,625.00
			Reserve for:		
			Deferred Amortization	4,102,776.84	2,952,776.84
	2,724,547.73	7,224,446.88	Debt Service	4,957.90	143,791.04
Cash and Cash Equivalents	159,986,295.84	159,306,942.80	Amortization	121,558,170.55	116,044,155.42
Fixed Capital	11,217,205.16	9,773,713.87	Fund Balance	<u>742,639.09</u>	<u>830,981.15</u>
Fixed Capital Authorized and Uncompleted		<u>364,689.25</u>			
Due from NJEIT			Total Capital Fund	<u>173,928,048.73</u>	<u>176,669,792.80</u>
	<u>173,928,048.73</u>	<u>176,669,792.80</u>	Total Liabilities, Reserves and Fund Balances	<u>\$ 186,011,196.06</u>	<u>\$ 187,554,381.86</u>
Total Capital Fund	<u>173,928,048.73</u>	<u>176,669,792.80</u>			
Total Assets	<u>\$ 186,011,196.06</u>	<u>\$ 187,554,381.86</u>			

The Township had bonds and notes authorized by not issued of \$4,137,500.00 and \$210,000.00 at December 31, 2020 and 2019, respectively.

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

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized:		
Operating Surplus Anticipated	\$ 2,000,000.00	\$ 2,000,000.00
Water/Sewer User Fees	15,435,310.83	15,359,057.74
Miscellaneous	1,331,220.09	1,503,129.89
Interlocal Agreement - Boro of Ship Bottom	105,435.33	101,869.90
Capital Surplus	181,208.96	
Reserve to Pay Bonds	143,791.04	
Miscellaneous Revenue Not Anticipated	44,295.58	51,827.12
Other Credits To Income:		
Appropriation Reserves Lapsed	<u>788,637.34</u>	<u>502,306.76</u>
Total Revenue	<u>20,029,899.17</u>	<u>19,518,191.41</u>
Expenditures:		
Operating	8,160,250.00	7,990,000.00
Capital Improvements		1,300,000.00
Debt Service	7,972,758.07	6,163,142.89
Deferred Charges	38,707.73	855.70
Statutory Expenditures	576,042.27	583,086.82
Refund of Prior Year Revenue	<u>54,213.66</u>	
Total Expenditures	<u>16,801,971.73</u>	<u>16,037,085.41</u>
Excess in Revenue	3,227,927.44	3,481,106.00
Fund Balance, January 1	<u>8,833,787.46</u>	<u>7,352,681.46</u>
	12,061,714.90	10,833,787.46
Decreased By:		
Utilized as Anticipated Revenue	<u>2,000,000.00</u>	<u>2,000,000.00</u>
Fund Balance, December 31	<u>\$ 10,061,714.90</u>	<u>\$ 8,833,787.46</u>

See independent accountant's compilation report and 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, 2020

Balance, December 31, 2019		\$ 830,981.15
Increased By:		
Premium on Sale of Bonds and Notes	\$ 17,252.50	
Funded Improvement Authorizations Cancelled	<u>75,614.40</u>	
		<u>92,866.90</u>
		923,848.05
Decreased By:		
Anticipated Revenue in Budget		<u>181,208.96</u>
Balance, December 31, 2020		<u><u>\$ 742,639.09</u></u>

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	\$ 2,000,000.00	\$ 2,000,000.00	
Water/Sewer User Fees	14,000,000.00	15,435,310.83	\$ 1,435,310.83
Miscellaneous	400,000.00	1,331,220.09	931,220.09
Interlocal Agreement - Ship Bottom	95,000.00	105,435.33	10,435.33
Capital Surplus	181,208.96	181,208.96	
Reserve to Pay Bonds	143,791.04	143,791.04	
Miscellaneous Revenue Not Anticipated		44,295.58	44,295.58
	<u>\$ 16,820,000.00</u>	<u>\$ 19,241,261.83</u>	<u>\$ 2,421,261.83</u>

Cash Receipts	\$ 16,791,972.80
Surplus Realized	2,000,000.00
Prepaid Revenue Applied	<u>449,289.03</u>
	<u>\$ 19,241,261.83</u>

See independent accountant's compilation report and 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, 2020

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved Cancelled
Operating:				
Salaries and Wages	\$ 2,320,000.00	\$ 2,320,000.00	\$ 2,144,575.51	\$ 175,424.49
Other Expenses	5,810,250.00	5,810,250.00	5,125,476.33	684,773.67
Accumulated Leave Compensation	30,000.00	30,000.00	30,000.00	
Total Operating	8,160,250.00	8,160,250.00	7,300,051.84	860,198.16
Debt Service:				
Payment of Bond Principal	2,645,000.00	2,645,000.00	2,645,000.00	
Payment of Bond Anticipation Notes	1,790,000.00	1,790,000.00	1,790,000.00	
Interest on Bonds	960,000.00	960,000.00	956,957.50	\$ 3,042.50
Interest on Notes	90,000.00	90,000.00	89,386.82	613.18
NJEIT Trust Loan Program:				
Loan Repayment for Principal and Interest	2,560,000.00	2,560,000.00	2,491,413.75	68,586.25
Total Debt Service	8,045,000.00	8,045,000.00	7,972,758.07	72,241.93
Deferred Charges:				
Deferred Charges to Future Revenue:				
Bond Ordinance 2016-07	38,707.73	38,707.73	38,707.73	
Total Deferred Charges	38,707.73	38,707.73	38,707.73	
Statutory Expenditures:				
Public Employees' Retirement System	384,448.25	384,448.25	384,448.25	
Social Security System	171,594.02	171,594.02	149,205.00	22,389.02
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00	
Total Statutory Expenditures	576,042.27	576,042.27	553,653.25	22,389.02
Total Appropriations	\$ 16,820,000.00	\$ 16,820,000.00	\$ 15,865,170.89	\$ 882,587.18
Cash Disbursements			\$ 13,976,982.65	
Encumbrances Payable			115,877.03	
Accrued Interest Payable			1,772,311.21	
			\$ 15,865,170.89	

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 GENERAL FIXED ASSET GROUP

STATEMENTS OF FIXED ASSETS & FUND BALANCE - REGULATORY ACCOUNTING BASIS

December 31, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>	<u>Reserves</u>	<u>2020</u>	<u>2019</u>
General Fixed Assets:					
Land	\$ 20,152,797.61	\$ 20,152,797.61			
Buildings and Improvements	12,832,010.17	12,806,296.09			
Machinery and Equipment	<u>22,612,623.32</u>	<u>20,532,073.95</u>	Investment in Fixed Assets	<u>\$ 55,597,431.10</u>	<u>\$ 53,491,167.65</u>
Total Assets	<u>\$ 55,597,431.10</u>	<u>\$ 53,491,167.65</u>	Total Reserves	<u>\$ 55,597,431.10</u>	<u>\$ 53,491,167.65</u>

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**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**Description of Financial Reporting Entity**

The Township of Stafford, County of Ocean, New Jersey (hereafter referred to as the "Township") is governed by the Township form of government, with a mayor and a 6-member Township Council. Administrative responsibilities are assigned to the Township Manager. Policy is determined by Council and the Manager is responsible for carrying out such policy.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61, 80, 90 and 97, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, 90 and 97.

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

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Utility Operating and Capital Funds** – These funds accounts for utility 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 utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - 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.

**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.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

- (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).
- (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.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00 obtain capitalization policy, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

**Utility Fixed Assets** – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Foreclosed Property** – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**Fund Balance** – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

**Utility Revenues** – Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Townships utility operating fund.

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

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Stafford Township School District and Southern Regional School District]. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**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.”

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.

See independent accountant’s compilation report.



**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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 \$106,950.00 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).

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts 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 their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township’s financial statements.

Accounting Pronouncements Adopted in Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Township’s financial statements.

Management has determined that the implementation of these Statements did not have a significant impact on the Township’s financial statements.

See independent accountant’s compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Accounting Pronouncements Effective in Future Reporting Periods

Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - 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 funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2020, the Township's bank balance of \$59,161,223.56 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 12,056,482.55
NJ Cash Management Fund	38,409,087.00
Uninsured and Uncollateralized	<u>8,695,654.01</u>
	<u>\$ 59,161,223.56</u>

**Investments**

Under the regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 2. Deposits and Investments (continued)**

responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2020, the Township had no investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

*Money Market Funds:* Valued at the quoted NAV of shares held by the Township at year-end.

*Mutual Funds:* Valued at quoted market prices which represent the net asset value (“NAV”) shares held by the Township at year-end.

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2020</u>		<u>Investment Maturities (in</u>
		<u>Level 1</u>	<u>Total</u>	<u>Less Than 1 Year</u>
Money Markets	\$ 9,582.83	\$ 9,582.83	\$ 9,582.83	\$ 9,582.83
Mutual Funds	1,233,003.13	1,233,003.13	1,233,003.13	1,233,003.13
	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>
<u>Fund</u>				
Trust Fund - LOSAP	\$ 1,242,585.96	\$ 1,242,585.96	\$ 1,242,585.96	\$ 1,242,585.96
	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>	<u>\$ 1,242,585.96</u>

Investments at Contract Value - The Township held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$428,549.31 as of December 31, 2020. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the Township is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP Plan. The Township’s ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer’s ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date. The Township does not have a formal

See independent accountant’s compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 2. Deposits and Investments (continued)**

investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

No events are probable of occurring that might limit the ability of the LOSAP Plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP Plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. The total Trust Fund LOSAP value held by the Township at December 31, 2020 was as followed:

	<u>12/31/20</u>	
Fixed Account Investment Contract	\$	428,549.31
Trust Fund - LOSAP (Fair Value)		1,242,585.96
Trust Fund - LOSAP (Contract Value)		<u>428,549.31</u>
Total Trust Fund - LOSAP	\$	<u><u>1,671,135.27</u></u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2020, the Township's investments had the following ratings:

<u>Investment type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
Money Markets	AAA	Aaa
Mutual Funds	AAA	Aaa
Fixed Account Investment Contract	AAA	Aaa

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 3. Property Taxes**

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.

**Comparison Schedule of Tax Rates**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.325</u>	<u>\$ 2.292</u>	<u>\$ 2.278</u>
Apportionment of Tax Rate:			
Municipal	0.901	0.894	0.888
Municipal Open Space	0.010	0.010	0.010
County General	0.455	0.446	0.426
Local School	0.716	0.714	0.714
Regional School	0.243	0.228	0.240

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2020	\$ 4,259,668,000.00
2019	4,210,010,500.00
2018	4,168,223,411.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 99,848,325.13	\$ 99,195,711.53	99.34%
2019	97,395,285.13	96,789,262.98	99.37%
2018	95,760,139.78	95,157,177.18	99.37%

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 3. Property Taxes (continued)**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2020	\$ 71,044.21	\$ 549,347.20	\$ 620,391.41	0.62%
2019	85,833.32	527,215.08	613,048.40	0.63%
2018	266,612.75	509,855.32	776,468.07	0.81%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2020	12
2019	7
2018	99

The last tax sale was held on February 14, 2020.

**Note: 4: Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 995,250.00
2019	995,250.00
2018	186,650.00

**Note: 5: Water & Sewer Utility Service Charges**

The following is a three-year comparison of Water & Sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2020	\$ 87,620.18	\$ 15,542,385.55	\$ 15,630,005.73	\$ 15,438,110.83	98.77%
2019	98,203.27	16,211,472.25	16,309,675.52	16,222,055.34	99.46%
2018	146,474.84	15,766,156.59	15,912,631.43	15,814,428.16	99.38%

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 6. Fund Balances Appropriated**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2020	\$13,959,526.89	\$ 4,500,000.00	32.24%
2019	12,841,220.65	4,500,000.00	35.04%
2018	11,765,948.59	4,500,000.00	38.25%
<b>Utility Operating Fund:</b>			
2020	\$ 10,061,714.90	\$ 2,000,000.00	19.88%
2019	8,833,787.46	2,000,000.00	22.64%
2018	7,352,681.46	2,000,000.00	27.20%

**Note 7. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 8. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2020:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ -	\$ 268,547.29
State and Federal Grant Fund	<u>268,547.29</u>	<u>-</u>
	<u>\$ 268,547.29</u>	<u>\$ 268,547.29</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 8. Interfund Receivables, Payables and Transfers (continued)**

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ -	\$ 227,499.22
State and Federal Grant Fund	227,499.22	-
	<u>\$ 227,499.22</u>	<u>\$ 227,499.22</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 9. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2020.

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance December 31, <u>2020</u>
Land	\$ 20,152,797.61	\$ -	\$ -	\$ -	\$ 20,152,797.61
Buildings and Improvements	12,806,296.12	25,714.05	-	-	12,832,010.17
Machinery & Equipment	20,532,073.95	1,596,023.46	-	484,525.91	22,612,623.32
	<u>\$ 53,491,167.68</u>	<u>\$ 1,621,737.51</u>	<u>\$ -</u>	<u>\$ 484,525.91</u>	<u>\$ 55,597,431.10</u>

The following is a summary of changes in the Water/Sewer Utility Fixed Capital for the year 2020:

	Balance December 31, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance December 31, <u>2020</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	148,030,138.22	679,353.04	-	-	148,709,491.26
Machinery & Equipment	4,246,076.27	-	-	-	4,246,076.27
Furniture and Fixtures	240,006.00	-	-	-	240,006.00
Soft Costs	366,886.90	-	-	-	366,886.90
	<u>\$ 159,306,942.80</u>	<u>\$ 679,353.04</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,986,295.84</u>

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 49,875,126.82	\$ 55,944,392.27	\$ 55,778,460.86
Utility:			
Bonds, Notes and Loans	41,405,053.61	49,873,724.41	52,460,364.63
<b>Total Debt Issued</b>	<u>91,280,180.43</u>	<u>105,818,116.68</u>	<u>108,238,825.49</u>
<b>Authorized But Not Issued:</b>			
General:			
Bonds, Notes and Loans	13,853,750.00	-	476,000.00
Utility:			
Bonds, Notes and Loans	4,137,500.00	210,000.00	585,389.00
<b>Total Authorized But Not Issued</b>	<u>17,991,250.00</u>	<u>210,000.00</u>	<u>1,061,389.00</u>
<b>Total Gross Debt</b>	<u>\$ 109,271,430.43</u>	<u>\$ 106,028,116.68</u>	<u>\$ 109,300,214.49</u>
<b>Deductions:</b>			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 1,112,307.38	\$ 915,861.92	\$ 1,185,144.71
Pension Refunding Bonds	995,000.00	1,000,000.00	1,005,000.00
Utility:			
Self Liquidating Debt	45,542,553.61	50,083,724.41	53,045,753.63
<b>Total Deductions</b>	<u>47,649,860.99</u>	<u>51,999,586.33</u>	<u>55,235,898.34</u>
<b>Total Net Debt</b>	<u>\$ 61,621,569.44</u>	<u>\$ 54,028,530.35</u>	<u>\$ 54,064,316.15</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 9,774,000.00	\$ 9,774,000.00	\$ -
General Debt	63,728,876.82	2,107,307.38	61,621,569.44
Utility Debt	45,542,553.61	45,542,553.61	-
	<u>\$ 119,045,430.43</u>	<u>\$ 57,423,860.99</u>	<u>\$ 61,621,569.44</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

Net Debt \$61,621,569.44 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$4,719,306,687, equals 1.306%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2020 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 165,175,734.05
Net Debt	61,621,569.44
Remaining Borrowing Power	\$ 103,554,164.61

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 19,241,261.83
Deductions:	
Operating and Maintenance Costs	\$ 8,736,292.27
Debt Service	7,972,758.07
Total Deductions	16,709,050.34
Excess/(Deficit) in Revenue	\$ 2,532,211.49

**General Debt**

**A. Serial Bonds Payable**

On May 24, 2011, the Township issued \$8,850,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on January 15, 2021.

On May 22, 2012, the Township issued \$7,965,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.50% to 3.00% and mature on January 15, 2029.

On March 27, 2014, the Township issued \$1,025,000.00 of Pension Refunding Bonds. The General Obligation Bonds were issued at interest rates varying from 2.50% to 5.00% and mature on April 1, 2033.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**General Debt (continued)**

**A. Serial Bonds Payable**

On May 19, 2014, the Township issued \$6,500,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on May 1, 2025.

On November 19, 2014, the Township issued \$8,480,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 1.75% to 5.00% and mature on February 1, 2024.

On February 24, 2016, the Township issued \$11,095,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on August 1, 2028.

On May 10, 2017 the Township issued \$10,880,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2029.

On November 9, 2017 the Township issued \$4,560,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on January 1, 2031.

On May 3, 2018 the Township issued \$4,580,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2032.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,855,000.00	\$ 1,472,972.50	\$ 6,327,972.50
2022	4,945,000.00	1,288,685.00	6,233,685.00
2023	5,040,000.00	1,088,147.50	6,128,147.50
2024	5,120,000.00	870,722.50	5,990,722.50
2025	4,200,000.00	684,622.50	4,884,622.50
2026-2030	14,330,000.00	1,341,347.50	15,671,347.50
2031-2033	1,640,000.00	63,550.00	1,703,550.00
	<u>\$ 40,130,000.00</u>	<u>\$ 6,810,047.50</u>	<u>\$ 46,940,047.50</u>

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**General Debt (continued)**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2020:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2020</u>
Ordinance 17-30	4/28/2020	4/28/2021	2.500%	\$ 142,500.00
Ordinance 18-03	4/28/2020	4/28/2021	2.500%	3,617,500.00
Ordinance 18-14	4/28/2020	4/28/2021	2.500%	225,000.00
Ordinance 19-09	4/28/2020	4/28/2021	2.500%	<u>5,225,000.00</u>
				<u>\$ 9,210,000.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2020, the Township had \$13,853,750.00 of various General Capital bonds and notes authorized but not issued.

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

In 2000, 2001, 2002 and 2006 the Township finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to New Jersey Environmental Infrastructure Trust Financing Program.

The first loan consists of two agreements, a Trust Loan Agreement of \$840,000 to be repaid over a 10 year period at varying interest rates.

The second loan consists of five agreements, a Trust Loan Agreement of \$2,700,444.22 to be repaid over a 20 year period at varying interest rates.

The third loan consists of two agreements, a Trust Loan Agreement of \$1,000,000.00 to be repaid over a 20 year period at varying interest rates.

The fourth loan consists of two agreements, a Trust Loan Agreement of \$500,000.00 to be repaid over a 20 year period at varying interest rates.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**General Debt (continued)**

**D. Loans Payable**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 177,371.01	\$ 9,332.48	\$ 186,703.49
2021	66,405.36	6,747.42	73,152.78
2022	52,038.86	5,568.10	57,606.96
2023	53,084.83	4,522.12	57,606.95
2024	54,151.85	3,455.13	57,606.98
2026-2029	132,074.91	5,078.18	137,153.09
	<u>\$ 535,126.82</u>	<u>\$ 34,703.43</u>	<u>\$ 569,830.25</u>

Under regulatory basis of accounting, amortization of the leased equipment is not reported in the financial statements.

**Water & Sewer Utility Debt**

**A. Serial Bonds Payable**

On July 1, 2005, the Township issued \$10,151,000 of Utility Improvement Bonds. The Bonds were issued at a 3.00% interest rate and mature on July 1, 2030.

On May 24, 2011 the Township issued \$5,900,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on January 15, 2021.

On May 22, 2012 the Township issued \$4,035,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 2.50% to 3.125% and mature on January 15, 2032.

On March 27, 2014 the Township issued \$4,218,500.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.50% to 5.00% and mature on July 1, 2025.

On May 19, 2014 the Township issued \$3,500,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on May 1, 2029.

On February 24, 2016 the Township issued \$7,425,000.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.25% to 5.00% and mature on August 1, 2028.

On May 10, 2017 the Township issued \$5,280,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2032.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**A. Serial Bonds Payable**

On November 9, 2017 the Township issued \$5,730,000.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.00% to 5.00% and mature on May 1, 2031.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,730,000.00	\$ 893,560.00	\$ 3,623,560.00
2022	2,890,000.00	789,190.00	3,679,190.00
2023	2,345,000.00	680,955.00	3,025,955.00
2024	2,415,000.00	588,605.00	3,003,605.00
2025	2,475,000.00	500,530.00	2,975,530.00
2026-2030	11,226,000.00	1,139,200.00	12,365,200.00
2031-2032	1,595,000.00	43,675.00	1,638,675.00
	<u>\$ 25,676,000.00</u>	<u>\$ 4,635,715.00</u>	<u>\$ 30,311,715.00</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2020:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2020</u>
Ordinance 19-10	4/28/2020	4/28/2021	2.500%	700,000.00
Ordinance 19-11	428/2020	4/28/2021	2.500%	1,875,000.00
				<u>\$ 2,575,000.00</u>

The purpose of these short-term borrowings was to provide resources for utility capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2020, the Township had \$4,137,500.00 in various Utility bonds and notes authorized but not issued.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

In 2005, 2006, 2007, 2008, 2009, 2010, 2018 and 2020 the Township finalized loan agreements with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program.

The first loan consists of two agreements, a Trust Loan Agreement of \$5,295,000 to be repaid over a 20 year period at interest rates ranging from 4.00% to 5.00%, and a no interest Fund Loan Agreement of \$4,895,597 to be repaid over a 20 year period.

The second loan consists of two agreements, a Trust Loan Agreement of \$3,075,000 to be repaid over a 20 year period at interest rates ranging from 4.00% to 5.00%, and a no interest Fund Loan Agreement of \$3,026,741 to be repaid over a 20 year period.

The third loan consists of two agreements, a Trust Loan Agreement of \$4,425,000 to be repaid over a 20 year period at interest rates ranging from 4.25% to 5.00%, and a no interest Fund Loan Agreement of \$4,361,085 to be repaid over a 20 year period.

The fourth loan consists of two agreements, a Trust Loan Agreement of \$2,295,000 to be repaid over a 20 year period at interest rates ranging from 5.00% to 5.50%, and a no interest Fund Loan Agreement of \$2,263,923 to be repaid over a 20 year period.

The fifth loan consists of two agreements, a Trust Loan Agreement of \$100,180.18 to be repaid over a 20 year period at interest rates ranging from 0.65% to 4.15%, and a no interest Fund Loan Agreement of \$288,693 to be repaid over a 20 year period.

The sixth loan consists of two agreements, a Trust Loan Agreement of \$1,405,000 to be repaid over a 25 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$4,221,645 to be repaid over a 20 year period.

The seventh loan consists of two agreements, a Trust Loan Agreement of \$590,000 to be repaid over a 20 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$1,782,179 to be repaid over a 20 year period.

The eighth loan consists of two agreements, a Trust Loan Agreement of \$265,000 to be repaid over a 20 year period at interest rates ranging from 2.125% to 5.00%, and a no interest Fund Loan Agreement of \$837,647 to be repaid over a 20 year period.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 10. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**D. Loans Payable (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,064,861.35	\$ 254,944.60	\$ 2,319,805.95
2022	2,104,884.23	214,106.53	2,318,990.76
2023	2,144,470.52	170,539.21	2,315,009.73
2024	1,930,007.92	126,128.64	2,056,136.56
2025	1,073,191.81	77,807.38	1,150,999.19
2026-2030	2,531,155.65	140,520.36	2,671,676.01
2031-2035	926,057.35	31,718.76	957,776.11
2036-2037	379,424.78	4,050.00	383,474.78
	<u>\$ 13,154,053.61</u>	<u>\$ 1,019,815.48</u>	<u>\$ 14,173,869.09</u>

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2019</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2020</u>	Balance Due Within <u>One Year</u>
<b>General Capital:</b>					
General Bonds	\$ 45,495,000.00	\$ -	\$ 5,365,000.00	\$ 40,130,000.00	\$ 4,855,000.00
Bond Anticipation Notes	9,640,000.00	9,210,000.00	9,640,000.00	9,210,000.00	9,210,000.00
Loans	809,392.27	-	274,265.45	535,126.82	177,371.01
	<u>\$ 55,944,392.27</u>	<u>\$ 9,210,000.00</u>	<u>\$ 15,279,265.45</u>	<u>\$ 49,875,126.82</u>	<u>\$ 14,242,371.01</u>
<b>Utility Capital:</b>					
Utility Bonds	\$ 28,321,000.00	\$ -	\$ 2,645,000.00	\$ 25,676,000.00	\$ 2,730,000.00
Bond Anticipation Notes	5,775,000.00	2,575,000.00	5,775,000.00	2,575,000.00	2,575,000.00
Loans	15,777,724.41	1,102,647.00	3,726,317.80	13,154,053.61	2,064,861.35
	<u>\$ 49,873,724.41</u>	<u>\$ 3,677,647.00</u>	<u>\$ 12,146,317.80</u>	<u>\$ 41,405,053.61</u>	<u>\$ 7,369,861.35</u>

See independent accountant's compilation report.



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 11. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	Balance, December 31,	
	<u>2020</u>	<u>2019</u>
Total Balance of Local Tax	\$ 14,867,608.00	\$ 14,368,145.00
Deferred Taxes	11,292,290.00	11,292,290.00
Local Tax Payable	\$ 3,575,318.00	\$ 3,075,855.00

  

<u>Regional Tax</u>	Balance, December 31,	
	<u>2020</u>	<u>2019</u>
Total Balance of Regional Tax	\$ 5,171,848.00	\$ 4,793,536.00
Deferred Taxes	4,138,088.13	4,138,088.13
Regional Tax Payable	\$ 1,033,759.87	\$ 655,447.87

**Note 12. Accrued Sick, Vacation and Compensation Time**

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, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$3,165,274.44 at December 31, 2020.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2020, the Township has reserved in the Other Trust Fund \$1,641,955.75 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 13. Risk Management**

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

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 13. Risk Management (continued)**

**Joint Insurance Pool**

The Township is a member of the Ocean County Municipal Joint Insurance Fund. The Fund provides the Township with the following primary coverage:

- Crime
- Commercial General Liability
- Law Enforcement Professional Liability
- Bodily Injury and Property Damage Liability (Auto)
- Workers Compensation
- Environmental Legal Liability

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 189,809.81	\$ 95,198.97	\$ 274,006.25
2019	150,203.51	68,201.80	179,395.41
2018	153,757.93	94,664.61	97,393.70

**Note 14. Contingencies**

**Grantor Agencies**

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, 2020 the Township estimates that no material liabilities will result from such audits.

See independent accountant’s compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 14. Contingencies (continued)**

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2020.

**Note 15. Tax Abatements**

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter "HMFA Law"), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years. All the units in the project qualify as low or moderate income units under the Fair Housing Act, NJSA, 52:270-301 et seq. the regulations of the council on Affordable Housing, NJAC5:94: et seq. and NJAC 5:95 et seq. and the Uniform Housing Affordability Controls, NJAC 5:94 et seq. Tax abatements may be granted to any affordable housing, as deemed appropriate by the Township.

The Township of Stafford is authorized by the Long Term Tax Exemption Law of 1991, N.J.S.A. 40A:21 et seq. (hereinafter "Long Term Tax Exemption Law") to enter into property tax abatement agreements for the purpose of attracting redevelopment projects. The exemption of the projects from real property taxation subject to this law shall apply to the value of the new improvements constructed as part of a redevelopment project and must have a maximum exemption term of thirty (30) years or no more than thirty-five (35) years from the execution of the financial agreement. Tax abatements may be granted for any redevelopment project in accordance with the Long Term Tax Exemption Law as deemed appropriate by the Township.

For the year ended December 31, 2020, the Township abated property taxes totaling \$1,861,713.22 under this program. However, the Township collected \$1,064,270.20 from these properties under a payment in lieu of taxes program.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 15. Tax Abatements (continued)**

Recipient	Purpose	Amount Abated	Municipal Portion County Portion	
			Collected Under PILOT Program	Collected Under PILOT Program
Target	Commercial	\$ 363,927.60	\$ 154,242.31	\$ 7,712.11
Costco	Commercial	381,699.90	156,707.19	7,835.36
Best Buy, PetSmart & Dick's	Commercial	222,353.70	66,565.42	3,328.28
Vitamin Shoppe	Commercial	12,884.75	7,182.35	359.12
Ulta Beauty	Commercial	38,020.56	21,193.77	1,059.68
AT&T	Commercial	11,265.35	6,279.65	313.99
Olive Garden	Commercial	23,461.58	1,887.11	94.35
Five Below	Commercial	34,216.56	16,044.47	802.23
		1,087,830.00	430,102.27	21,505.12
Stafford Family Apartments	Affordable Housing	140,206.80	67,041.00	3,352.05
Presbyterian Homes	Affordable Housing	156,586.43	30,822.25	-
		296,793.23	97,863.25	3,352.05
Stafford Preserve	Other	477,090.00	536,304.68	26,815.24
		\$ 1,861,713.22	\$ 1,064,270.20	\$ 51,672.41

**Note 16. Community Disaster Loan**

During the year ended December 31, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down \$2,000,000 of the total amount in November 2013 and recognized this as revenue in the Current Fund in the year ended December 31, 2013. In July 2014, the Township drew down an additional \$1,240,000 and recognized this as revenue in the Current Fund in the year ended December 31, 2014.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case November 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

The Township previously applied and was denied for a partial cancellation of this loan plus the related accrued interest. The outstanding balance including accrued interest at December 31, 2020 totaled \$1,688,203.94.

See independent accountant's compilation report.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 17. Length of Service Awards Program**

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”.

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.

See independent accountant’s compilation report.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 17. Length of Service Awards Program (continued)**

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.

**Note 18. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2020 and April 6, 2021, the date the financial statements were available to be issued. There are no material subsequent events that need to be disclosed.

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**AUDIT REPORT FOR THE YEAR  
ENDED DECEMBER 31, 2019**

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**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN**

**PART I**

**INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Stafford  
County of Ocean  
Manahawkin, New Jersey 08050

### Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Stafford as of December 31, 2019 and 2018, and the related statements of operations and changes in in fund balance - regulatory basis for the years then ended, the related statements of revenues - regulatory basis, and statements of expenditures - regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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

As 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2019 and 2018, or the results of its operations and changes in fund balance for the years then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2019 and 2018, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statements of revenues - regulatory basis, statements of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2019 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Other Matters**

#### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements referred to in the first paragraph as a whole. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2020 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

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

A handwritten signature in black ink, appearing to read 'Jerry W. Conaty', is written over the printed name.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Toms River, New Jersey  
June 19, 2020

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**BASIC FINANCIAL STATEMENTS**

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TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

STATEMENT OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY ACCOUNTING BASIS

December 31, 2019 and 2018

Assets	Reference	2019	2018	Liabilities, Reserves and Fund Balance	Reference	2019	2018
Cash and Cash Equivalents - Treasurer	1-A	\$ 22,130,412.83	\$ 19,067,508.00	Appropriation Reserves	A-3,8-A	\$ 3,145,493.81	\$ 1,947,432.09
Cash - Change Fund	A	400.00	400.00	Encumbrances Payable	9-A	721,047.85	315,601.39
		<u>22,130,812.83</u>	<u>19,067,908.00</u>	Due To State of New Jersey - Senior Citizens' and Veterans' Deductions	2-A	2,663.62	203,943.11
Due From State of New Jersey - Senior Citizens' and Veterans' Deductions	2-A		<u>3,838.54</u>	Payroll Deductions Payable	11-A	198,633.01	821,057.32
				Prepaid Taxes	12-A	723,674.89	151,298.88
Taxes Receivable	3-A	527,215.08	509,855.32	County Taxes Payable	13-A	175,142.89	2,523,191.00
Tax Title Liens Receivable	4-A	85,833.32	266,612.75	Local District School Tax Payable	14-A	3,075,855.00	856,443.87
Revenue Accounts Receivable	5-A	19,815.43	21,783.97	Regional School Tax Payable	14-A	655,447.87	10,468.33
Property Acquired for Taxes - Assessed Valuation	6-A	995,250.00	186,650.00	Tax Overpayments Payable	15-A	20,350.66	120,410.71
		<u>1,628,113.83</u>	<u>984,902.04</u>	Due To Grant Fund	10-A	227,499.22	3,541.38
				Other Payables	23-A	16,438.00	30,810.84
Deferred Charges:				Open Space Payable	16-A	11,889.77	128,300.78
Future Taxation Unfunded - CDL	A	2,527,656.18	3,352,150.68	County Share of PILOT Payable	22-A	122,157.34	193,298.25
		<u>2,527,656.18</u>	<u>3,352,150.68</u>	Reserve for:	21-A	2,527,656.18	3,352,150.68
				Tax Appeals	17-A	11,817,248.36	10,657,948.63
				Sale of Municipal Assets	20-A	1,628,113.83	984,902.04
				FEMA Community Disaster Loan Payable	A-1	12,841,220.65	11,765,948.59
		<u>26,286,582.84</u>	<u>23,408,799.26</u>	Reserve for Receivables and Other Assets			
Grant Fund:				Fund Balance			
State and Federal Grants Receivable	7-A	994,030.04	1,010,939.94				
Due From Current Fund	A	227,499.22	120,410.71	Encumbrances Payable	9-A	77,657.83	21,974.64
		<u>1,221,529.26</u>	<u>1,131,350.65</u>	Reserve for Grant Expenditures - Appropriated	18-A	1,063,704.36	1,109,376.01
				Unappropriated	19-A	80,167.07	
Total Assets		<u>\$ 27,508,112.10</u>	<u>\$ 24,540,149.91</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 27,508,112.10</u>	<u>\$ 24,540,149.91</u>

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

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2019 and 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 4,500,000.00	\$ 4,700,000.00
Miscellaneous Revenue Anticipated	A-2	6,174,396.16	7,191,358.31
Receipts From Delinquent Taxes	A-2	569,046.16	683,015.77
Receipts From Current Taxes	A-2	96,789,262.98	95,157,177.18
Non-Budget Revenues	A-2	1,291,954.77	1,337,579.76
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	8-A	<u>1,141,330.94</u>	<u>1,296,444.01</u>
Total Revenues		<u>110,465,991.01</u>	<u>110,365,575.03</u>
Expenditures:			
Budget Appropriations:			
Operations:			
Salaries and Wages	A-3	19,503,332.11	19,106,560.00
Other Expenses	A-3	13,571,910.41	14,340,640.33
Capital Improvements	A-3	400,000.00	400,000.00
Deferred Charges and Statutory			
Expenditures	A-3	5,258,492.93	5,007,319.16
Debt Service	A-3	7,107,327.96	7,155,805.17
Prior Year Senior Citizens' Disallowed	2-A	10,862.91	4,500.00
Refund of Prior Year Revenue	1-A	19,038.00	14,853.32
County Taxes	13-A	18,773,369.79	17,738,987.53
County Share of Added Taxes	13-A	175,142.89	151,298.88
Local District School Tax	14-A	30,059,233.00	29,755,028.00
Regional School Tax	14-A	9,587,072.00	9,989,063.00
Municipal Open Space Tax	16-A	<u>424,936.95</u>	<u>420,363.73</u>
Total Expenditures		<u>104,890,718.95</u>	<u>104,084,419.12</u>
Statutory Excess		5,575,272.06	6,281,155.91
Fund Balance, January 1	A	<u>11,765,948.59</u>	<u>10,184,792.68</u>
		17,341,220.65	16,465,948.59
Decreased By:			
Utilized as Anticipated Revenue	A-2	<u>4,500,000.00</u>	<u>4,700,000.00</u>
Fund Balance, December 31	A	<u>\$ 12,841,220.65</u>	<u>\$ 11,765,948.59</u>

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

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Reference</u>	<u>Anticipated</u>	<u>Amount Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	A-1	\$ 4,500,000.00	\$ 4,500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	5-A	30,000.00	33,950.00	\$ 3,950.00
Fees and Permits	5-A	25,000.00	30,705.00	5,705.00
Fines and Costs:				
Municipal Court	5-A	340,000.00	333,533.14	(6,466.86)
Interest and Cost on Taxes	5-A	180,000.00	205,715.99	25,715.99
Fire Prevention Bureau Fees	5-A	85,000.00	149,472.52	64,472.52
Mobile Home Park Fees	5-A	130,000.00	141,936.61	11,936.61
Payments in Lieu of Taxes - Federal	5-A	11,710.00	13,440.00	1,730.00
Cable TV Fee and Lease	5-A	121,911.38	121,911.38	
PILOT - Target, Costco, etc.	5-A	240,000.00	341,317.66	101,317.66
Energy Receipts Tax	5-A	2,465,920.00	2,465,920.00	
Supplemental Energy Receipts Tax	5-A	104,286.00	104,286.00	
Garden State Preservation Trust Fund	5-A	36,666.00	36,666.00	
Uniform Construction Code Fees	5-A	625,000.00	799,994.40	174,994.40
Shared Services Agreement -				
Animal Control:				
Township of Long Beach	5-A	15,000.00	18,717.00	3,717.00
Borough of Beach Haven	5-A	5,000.00	6,225.50	1,225.50
Borough of Barnegat Light	5-A	2,900.00	3,969.00	1,069.00
Borough of Harvey Cedars	5-A	2,800.00	3,346.50	546.50
Shared Services Agreement -				
Construction:				
Township of Eagleswood	5-A	30,000.00	38,031.00	8,031.00
Borough of Beach Haven	5-A	29,000.00	49,668.30	20,668.30
Borough of Surf City	5-A	30,000.00	39,760.00	9,760.00
Borough of Harvey Cedars	5-A	23,000.00	22,188.00	(812.00)
Shared Services Agreement -				
Class III Police Officers:				
Southern Regional High School	5-A	190,000.00	125,170.87	(64,829.13)
Police Security Services:				
Meridian Health SOMC	5-A	194,922.00	113,386.00	(81,536.00)
Ocean County Cooperative Pricing System	5-A	15,000.00	18,000.00	3,000.00
Reserve To Pay Bonds	5-A	98,894.71	98,894.71	
Capital Surplus	5-A	100,000.00	100,000.00	
PILOT - Stafford Preserve	5-A	400,000.00	498,863.64	98,863.64
Recycling Tonnage Grant	7-A	50,259.90	50,259.90	
Drunk Driving Enforcement Fund	7-A	29,230.60	29,230.60	
Clean Communities Program	7-A	81,858.01	81,858.01	
Body Armor Replacement Fund	7-A	5,322.93	5,322.93	
Federal Bulletproof Vest Partnership	7-A	6,637.50	6,637.50	
Municipal Alliance on Alcoholism and Drug Abuse	7-A	28,249.00	28,249.00	
Stewart 966 Grant	7-A	15,369.00	15,369.00	
Homeland Security Grant	7-A	31,400.00	31,400.00	
Distracted Driving Crackdown	7-A	5,500.00	5,500.00	
Click It or Ticket	7-A	5,500.00	5,500.00	
Total Miscellaneous Revenues	A-1	5,791,337.03	6,174,396.16	383,059.13

The accompanying notes to the Financial Statements are an integral part of this Statement.



TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

<u>Analysis of Non-Budget Revenues</u>	<u>Reference</u>	
Peddler and Taxi Licenses		\$ 3,500.00
Raffle/Bingo Licenses		6,000.00
Food-Handlers License		12,508.32
Vital Statistics		26,471.00
Tax Searches		50.00
Xerox Copies		207.43
Administration Fees - Site Plans		9,175.00
Variance Lists		900.00
Towing Fees		1,060.00
Zoning Map		10.00
Pool Licenses		500.00
Street Opening Permits		29,085.00
Labor Liens		10,185.77
Police Reports		3,310.10
Police Outside Employment Administrative Fee		61,697.59
Interest on Investments and Deposits		559,346.99
Returned Check Charge Fees		520.00
Cat Licenses		8,047.40
Court Reporter - Planning and Zoning		4,200.00
FEMA - Superstorm Sandy (Debris Removal)		145,258.99
OCJIF Course Award		250.00
Voided Court Checks		718.51
2% Administrative Payment		6,513.29
Shared Service Agreement - All Saints		4,850.00
Shared Service Agreement - Salt Brine		4,452.00
Shared Service Agreement - Prior Year (SOMC)		15,925.00
Shared Service Agreement - Prior Year (Beach Haven Construction)		33,609.10
Shared Service Agreement - Prior Year (Surf City Construction)		7,531.00
Miscellaneous Refunds and Reimbursements		163,233.82
Restitution		1,538.00
Penalty - Building Department		1,000.00
Recycled Material		15,159.05
PILOT - Presbyterian Homes		26,928.96
PILOT - Stafford Family Apartments		44,058.15
PILOT - Stafford Properties Urban Development/Vitamin Shoppe		6,680.92
PILOT - Stafford Properties Urban Development/Ulta Beauty		19,714.61
PILOT - Stafford Properties Urban Development/Olive Garden		1,466.48
PILOT - Stafford Properties Urban Development/AT&T		5,841.24
PILOT - Stafford Properties Urban Development/Five Below		14,924.36
Tax Sale Premiums Forfeited		11,800.00
Auction Proceeds		5,266.40
Application Fees - Police Officer Testing		6,450.00
Unclaimed Property - Police Department		8,160.79
Firearms Application Fees		1,590.00
DMV Inspection Fines		2,259.50
		<hr/>
	A-2, 1-A	<u>\$ 1,291,954.77</u>

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>GENERAL GOVERNMENT</b>					
General Administration:					
Salaries and Wages	\$ 168,000.00	\$ 168,000.00	\$ 162,139.60	\$ 5,860.40	
Other Expenses	12,715.00	12,715.00	10,639.09	2,075.91	
Purchasing:					
Salaries and Wages	164,000.00	164,000.00	163,179.72	820.28	
Other Expenses	15,050.00	15,050.00	14,017.25	1,032.75	
Human Resources:					
Other Expenses	50,000.00	50,000.00	23,653.20	26,346.80	
Mayor and Council:					
Salaries and Wages	160,000.00	160,000.00	153,832.16	6,167.84	
Other Expenses	16,650.00	16,650.00	6,756.29	9,893.71	
Municipal Clerk:					
Salaries and Wages	227,000.00	227,000.00	202,688.30	24,311.70	
Other Expenses	37,000.00	37,000.00	27,227.84	9,772.16	
Elections	3,700.00	3,700.00	3,384.91	315.09	
Financial Administration (Treasury):					
Salaries and Wages	425,000.00	425,000.00	367,064.48	57,935.52	
Other Expenses	19,950.00	19,950.00	18,417.46	1,532.54	
Audit Services:					
Other Expenses	50,000.00	50,000.00	38,623.00	11,377.00	
Banking and Arbitrage Rebate Services:					
Other Expenses	25,000.00	25,000.00	22,174.03	2,825.97	
Computerized Data Processing:					
Salaries and Wages	125,000.00	125,000.00	122,404.25	2,595.75	
Other Expenses	109,450.00	109,450.00	100,301.39	9,148.61	
Revenue Administration (Tax Collection):					
Salaries and Wages	399,000.00	399,000.00	393,610.32	5,389.68	
Other Expenses	71,300.00	71,300.00	67,276.02	4,023.98	
Tax Assessment Administration:					
Salaries and Wages	428,000.00	428,000.00	419,507.08	8,492.92	
Other Expenses	55,700.00	55,700.00	31,185.89	24,514.11	
Legal Services (Legal Department):					
Other Expenses	200,000.00	200,000.00	166,213.41	33,786.59	
Engineering Services:					
Other Expenses	230,000.00	230,000.00	103,662.28	126,337.72	

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



TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Municipal Alliance:					
Salaries and Wages	6,000.00	6,000.00	6,000.00		
Community Development and Zoning:					
Salaries and Wages	132,000.00	132,000.00	131,515.75	484.25	
Other Expenses	17,400.00	17,400.00	10,323.87	7,076.13	
Historic Sites Office:					
Salaries and Wages	500.00	500.00		500.00	
Other Expenses	925.00	925.00	268.22	656.78	
<b>LAND USE ADMINISTRATION</b>					
Planning Board:					
Salaries and Wages	4,400.00	4,400.00	2,352.06	2,047.94	
Other Expenses	9,850.00	13,350.00	9,933.73	3,416.27	
Zoning Board of Adjustment:					
Salaries and Wages	3,500.00	3,500.00	1,791.79	1,708.21	
Other Expenses	12,375.00	12,375.00	7,349.49	5,025.51	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Uniform Construction Code Enforcement:					
Salaries and Wages	718,000.00	718,000.00	713,452.07	4,547.93	
Other Expenses	13,450.00	13,450.00	11,572.01	1,877.99	
Other Code Enforcement Functions:					
Salaries and Wages	136,000.00	136,000.00	131,244.61	4,755.39	
Other Expenses	3,450.00	3,450.00	2,980.15	469.85	
Demolition of Condemned Buildings:					
Other Expenses	20,000.00	20,000.00		20,000.00	
<b>INSURANCE</b>					
General Liability	505,000.00	505,000.00	443,666.41	61,333.59	
Workers Compensation	369,956.22	369,956.22	369,956.22		
Employee Group Health	5,643,750.00	5,643,750.00	5,225,933.92	417,816.08	
Unemployment/Disability Insurance	75,000.00	75,000.00	75,000.00		

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>PUBLIC SAFETY</b>					
Police Department:					
Salaries and Wages	9,358,000.00	9,348,050.00	8,965,393.73	382,656.27	
Other Expenses	809,200.00	815,650.00	781,425.20	34,224.80	
Office of Emergency Management:					
Other Expenses	5,000.00	5,000.00	3,202.38	1,797.62	
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	176,000.00	176,000.00	148,209.38	27,790.62	
Other Expenses	16,750.00	16,750.00	10,719.27	6,030.73	
Municipal Prosecutor's Office:					
Other Expenses	48,000.00	48,000.00	44,813.25	3,186.75	
New Jersey Public Employees Safety and Health	30,500.00	30,500.00	17,492.85	13,007.15	
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance:					
Salaries and Wages	1,026,000.00	1,026,000.00	925,488.00	100,512.00	
Other Expenses	168,700.00	168,700.00	129,675.16	39,024.84	
Solid Waste Collection:					
Salaries and Wages	2,193,000.00	2,193,000.00	1,949,008.37	243,991.63	
Other Expenses	60,150.00	60,150.00	50,229.78	9,920.22	
Buildings and Grounds:					
Salaries and Wages	1,313,000.00	1,313,000.00	1,257,033.73	55,966.27	
Other Expenses	276,800.00	276,800.00	273,047.99	3,752.01	
Vehicle Maintenance:					
Salaries and Wages	563,000.00	563,000.00	522,348.32	40,651.68	
Other Expenses	750,000.00	750,000.00	594,436.88	155,563.12	
Municipal Bus Service:					
Salaries and Wages	172,000.00	172,000.00	136,684.69	35,315.31	
Other Expenses	5,500.00	5,500.00	3,582.25	1,917.75	

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
<b>HEALTH AND HUMAN SERVICES</b>					
Environmental Health Services:					
Salaries and Wages	3,300.00	3,300.00	681.96	2,618.04	
Other Expenses	2,040.00	2,040.00	979.49	1,060.51	
Animal Control Services:					
Salaries and Wages	180,300.00	180,300.00	157,704.09	22,595.91	
Other Expenses	21,410.00	21,410.00	17,574.08	3,835.92	
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs:					
Salaries and Wages	482,000.00	482,000.00	447,899.41	34,100.59	
Other Expenses	37,950.00	37,950.00	32,953.75	4,996.25	
Beach and Boardwalk Operations:					
Salaries and Wages	32,500.00	32,500.00	18,989.25	13,510.75	
Other Expenses	800.00	800.00	800.00		
Celebration of Public Events:					
Other Expenses	41,000.00	41,000.00	40,994.90	5.10	
Municipal Court:					
Salaries and Wages	460,000.00	460,000.00	444,812.54	15,187.46	
Other Expenses	21,400.00	21,400.00	20,729.72	670.28	
Public Defender:					
Other Expenses	50,000.00	50,000.00	19,783.43	30,216.57	
<b>UNCLASSIFIED</b>					
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	350,000.00	350,000.00	260,982.60	89,017.40	
Street Lighting	550,000.00	550,000.00	440,558.86	109,441.14	
Telephone (excluding telephone acquisition)	160,000.00	160,000.00	140,745.82	19,254.18	
Water	10,000.00	10,000.00	9,125.08	874.92	
Gas (natural or propane)	75,000.00	75,000.00	48,602.25	26,397.75	
Telecommunications Costs	250.00	250.00	58.95	191.05	
Sewerage Processing and Disposal	18,500.00	18,500.00	12,519.34	5,980.66	
Gasoline	435,000.00	435,000.00	268,978.47	166,021.53	
Landfill/Solid Waste Disposal Costs	1,437,000.00	1,437,000.00	1,286,071.13	150,928.87	
Accumulated Leave Compensation	75,000.00	75,000.00	75,000.00		
<b>Total Operations - Within "CAPS"</b>	<u>32,239,121.22</u>	<u>32,239,121.22</u>	<u>29,480,634.62</u>	<u>2,758,486.60</u>	

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

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Detail:					
Salaries and Wages	19,130,500.00	19,120,550.00	18,020,035.66	1,100,514.34	
Other Expenses	13,108,621.22	13,118,571.22	11,460,598.96	1,657,972.26	
<b>STATUTORY EXPENDITURES</b>					
Contribution To:					
Public Employees Retirement System	1,113,100.50	1,113,100.50	1,113,100.50		
Social Security System (O.A.S.I.)	1,485,000.00	1,485,000.00	1,297,184.62	187,815.38	
Police and Firemen's Retirement System of NJ	1,822,582.49	1,822,582.49	1,822,582.49		
Defined Contribution Retirement Program	7,500.00	7,500.00	6,242.59	1,257.41	
	<u>4,428,182.99</u>	<u>4,428,182.99</u>	<u>4,239,110.20</u>	<u>189,072.79</u>	
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"					
	<u>36,667,304.21</u>	<u>36,667,304.21</u>	<u>33,719,744.82</u>	<u>2,947,559.39</u>	
Total General Appropriations for Municipal Purposes - Within "CAPS"					
Employee Group Health	106,950.00	106,950.00		106,950.00	
Length of Service Award Program	55,000.00	55,000.00	52,378.08	2,621.92	
Recycling Tax					
	<u>161,950.00</u>	<u>161,950.00</u>	<u>52,378.08</u>	<u>109,571.92</u>	
Total Operations - Excluded From "CAPS"					
Shared Service Agreements:					
Animal Control:					
Township of Long Beach:					
Salaries and Wages	15,000.00	15,000.00	15,000.00		
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		

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Construction:					
Township of Eagleswood					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Borough of Beach Haven:					
Salaries and Wages	29,000.00	29,000.00	29,000.00		
Borough of Surf City					
Salaries and Wages	30,000.00	30,000.00	30,000.00		
Borough of Harvey Cedars:					
Salaries and Wages	23,000.00	23,000.00	23,000.00		
Class III Police Officers:					
Southern Regional High School	170,000.00	170,000.00	105,853.50	64,146.50	
Salaries and Wages	20,000.00	20,000.00	784.00	19,216.00	
Other Expenses					
Police Security Services - SOMC					
Salaries and Wages	194,922.00	194,922.00	75,082.11		119,839.89
<b>Total Shared Service Agreements</b>	<b>522,622.00</b>	<b>522,622.00</b>	<b>319,419.61</b>	<b>83,362.50</b>	<b>119,839.89</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
Recycling Tonnage Grant	50,259.90	50,259.90	50,259.90		
FY 2017 Homeland Security Grant	31,400.00	31,400.00	31,400.00		
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	81,858.01	81,858.01	81,858.01		
Body Armor Replacement Fund	5,322.93	5,322.93	5,322.93		
Stewart 966 Grant	15,369.00	15,369.00	15,369.00		
Federal Bulletproof Vest Partnership	6,637.50	6,637.50	6,637.50		
Distracted Driving Crackdown	5,500.00	5,500.00	5,500.00		
Click It or Ticket	5,500.00	5,500.00	5,500.00		
Local Match for Future Grants	5,000.00	5,000.00		5,000.00	
Drunk Driving Enforcement Fund	29,230.60	29,230.60	29,230.60		
<b>Total Public and Private Programs Offset By Revenues</b>	<b>271,389.19</b>	<b>271,389.19</b>	<b>266,389.19</b>	<b>5,000.00</b>	
<b>Total Operations - Excluded From "CAPS"</b>	<b>955,961.19</b>	<b>955,961.19</b>	<b>638,186.88</b>	<b>197,934.42</b>	<b>119,839.89</b>

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Original Budget</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>GENERAL APPROPRIATIONS</b>					
Operations - Within "CAPS"					
Detail:					
Salaries and Wages	502,622.00	502,622.00	318,635.61	64,146.50	119,839.89
Other Expenses	453,339.19	453,339.19	319,551.27	133,787.92	
Capital Improvements - Excluded From "CAPS"					
Capital Improvement Fund	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>		
Total Capital Improvements - Excluded From "CAPS"	<u>400,000.00</u>	<u>400,000.00</u>	<u>400,000.00</u>		
Municipal Debt Service - Excluded From "CAPS"					
Payment of Bond Principal	4,900,000.00	4,900,000.00	4,900,000.00		
Interest on Bonds	1,721,750.00	1,721,750.00	1,720,853.75		896.25
Interest on Notes	108,350.00	108,350.00	107,781.67		568.33
Green Acres Trust Loan Program:					
Loan Repayments for Principal and Interest	375,000.00	375,000.00	354,392.54		20,607.46
Community Disaster Loan Interest	<u>24,300.00</u>	<u>24,300.00</u>	<u>24,300.00</u>		
Total Municipal Debt Service - Excluded From "CAPS"	<u>7,129,400.00</u>	<u>7,129,400.00</u>	<u>7,107,327.96</u>		<u>22,072.04</u>
Deferred Charges - Municipal Excluded from "CAPS"					
Deferred Charges:					
Deferred Charges to Future Taxation	829,309.94	829,309.94	829,309.94		
Community Disaster Loan	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>		
Bond Ordinance 2016-17					
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>830,309.94</u>	<u>830,309.94</u>	<u>830,309.94</u>		
Total General Appropriations for Municipal Purposes - Excluded From "CAPS"	<u>9,315,671.13</u>	<u>9,315,671.13</u>	<u>8,975,824.78</u>	<u>197,934.42</u>	<u>141,911.93</u>
Subtotal General Appropriations	45,982,975.34	45,982,975.34	42,695,569.60	3,145,493.81	141,911.93

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

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<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"					
Reserve for Uncollected Taxes	2,427,894.26	2,427,894.26	2,427,894.26		
Total General Appropriations	<u>\$ 48,410,869.60</u>	<u>\$ 48,410,869.60</u>	<u>\$ 45,123,463.86</u>	<u>\$ 3,145,493.81</u>	<u>\$ 141,911.93</u>
	Reference	A-2		A	
Budget as Adopted			\$ 48,207,774.49		
Added By N.J.S. 40A:4-87			203,095.11		
			<u>\$ 48,410,869.60</u>		
Analysis of Paid or Charged					
Cash Disbursements			\$ 41,708,132.56		
Encumbrances Payable			721,047.85		
Reserve for:					
Uncollected Taxes			2,427,894.26		
Grant Expenditures - Appropriated			266,389.19		
			<u>\$ 45,123,463.86</u>		

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2019 and 2018

<u>Assets</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Animal Control Fund:				Animal Control Fund:			
Cash	1-B	\$ 37,877.97	\$ 33,710.25	Reserve for Animal Control Fund Expenditures	3-B	\$ 37,819.17	\$ 33,696.45
				Due To State of New Jersey Department of Health	4-B	58.80	13.80
						<u>37,877.97</u>	<u>33,710.25</u>
Trust - Other Fund:				Trust - Other Fund:			
Cash and Cash Equivalents	1-B	7,801,334.35	7,559,961.58	Reserve for:			
				Landfill Tax Escrow	5-B	438,664.91	419,768.78
				Cash Surety Bonds	6-B	1,516,305.62	1,373,362.25
				Developers' Escrow Deposits	6-B	1,748,986.64	1,728,261.25
				Municipal Alliance Program Income	7-B	38,823.07	25,483.92
				Various Reserves	8-B	4,058,554.11	4,013,085.38
						<u>7,801,334.35</u>	<u>7,559,961.58</u>
Open Space Trust Fund:				Open Space Trust Fund:			
Cash and Cash Equivalents	1-B	221,598.43	295,100.60	Reserve for Open Space Fund Expenditures	9-B	221,598.43	298,641.98
Taxes Receivable	A		3,541.38			<u>221,598.43</u>	<u>298,641.98</u>
Length of Service Award Program Fund ("LOSAP"); Investments	2-B	1,470,272.48	1,214,705.63	Length of Service Award Program Fund ("LOSAP"); Miscellaneous Reserves	10-B	1,470,272.48	1,214,705.63
Total Assets		\$ 9,531,083.23	\$ 9,107,019.44	Total Liabilities and Reserves		\$ 9,531,083.23	\$ 9,107,019.44

The accompanying notes to the Financial Statements are an integral part of this Statement.



TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 GENERAL CAPITAL FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2019 and 2018

Assets	Reference	2019	2018	Liabilities, Reserves and Fund Balance	Reference	2019	2018
Cash and Cash Equivalents	1-C	\$ 11,035,934.00	\$ 6,379,861.19	Serial Bonds	6-C	\$ 45,495,000.00	\$ 50,745,000.00
Grants Receivable - NJ DOT	3-C	<u>81,250.00</u>	<u>81,250.00</u>	Bond Anticipation Notes	7-C	9,640,000.00	3,940,000.00
		<u>11,035,934.00</u>	<u>6,461,111.19</u>	Encumbrances Payable	8-C	1,313,289.63	1,294,591.97
				Loans Payable	9-C	809,392.27	1,093,460.86
				Improvement Authorizations:			
				Funded	10-C	3,231,507.48	3,275,667.79
				Unfunded	10-C	4,584,155.80	1,277,814.44
				Capital Improvement Fund	11-C	456,639.46	331,639.46
				Reserve for:			
Deferred Charges To Future Taxation:				Debt Service	12-C	915,861.92	98,894.71
Funded	4-C	<u>46,304,392.27</u>	<u>51,838,460.86</u>	Developer's Contributions	13-C	42,000.00	42,000.00
Unfunded	5-C	<u>9,640,000.00</u>	<u>4,416,000.00</u>	Reserve for Grants Receivable	14-C	81,250.00	81,250.00
		<u>55,944,392.27</u>	<u>56,254,460.86</u>	Fund Balance	C-1	492,479.71	535,252.82
Total Assets		<u>\$ 66,980,326.27</u>	<u>\$ 62,715,572.05</u>	Total Liabilities, Reserves and Fund Balance		<u>\$ 66,980,326.27</u>	<u>\$ 62,715,572.05</u>

The Township had bonds and notes authorized but not issued of \$0.00 and \$476,000.00 (Exh. 15-C) at December 31, 2019 and 2018, respectively.

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF CHANGES IN CAPITAL FUND BALANCE -  
 REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Reference</u>	
Balance, December 31, 2018	C	\$ 535,252.82
Increased By:		
Premium on Note Sale	1-C	<u>57,226.89</u>
		592,479.71
Decreased By:		
Anticipated Revenue in Current Fund	1-C	<u>100,000.00</u>
Balance, December 31, 2019	C	<u>\$ 492,479.71</u>

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 WATER/SEWER UTILITY FUND

STATEMENTS OF ASSETS, LIABILITIES, RESERVES & FUND BALANCE - REGULATORY BASIS

December 31, 2019 and 2018

Assets	Reference	2019	2018	Liabilities, Reserves and Fund Balances	Reference	2019	2018
Operating Fund:				Operating Fund:			
Cash and Cash Equivalents	1-D	\$ 10,767,787.63	\$ 8,706,132.01	Liabilities:			
Cash - Change Fund	D	<u>300.00</u>	<u>300.00</u>	Appropriation Reserves	D-4,8-D	\$ 846,017.10	\$ 517,442.91
				Encumbrances Payable	9-D	86,594.35	99,218.70
Receivables With Full Reserves:				Accrued Interest on Bonds, Notes and Loans	10-D	552,399.69	594,593.57
Consumer Accounts Receivable	3-D	87,620.18	98,203.27	Prepaid Revenue	11-D	<u>449,289.03</u>	<u>142,495.37</u>
Water-Sewer Liens Receivable	4-D	<u>28,881.25</u>	<u>26,081.25</u>			1,934,300.17	1,353,750.55
				Reserve for Receivables	D	116,501.43	124,284.52
				Fund Balance	D-1	<u>8,833,787.46</u>	<u>7,352,681.46</u>
Total Operating Fund		<u>10,884,589.06</u>	<u>8,830,716.53</u>	Total Operating Fund		<u>10,884,589.06</u>	<u>8,830,716.53</u>
				Capital Fund:			
				Serial Bonds	12-D	28,321,000.00	30,841,000.00
				Loans Payable	13-D	15,777,724.41	18,119,364.63
				Bond Anticipation Notes	14-D	5,775,000.00	3,500,000.00
				Improvement Authorizations:			
				Funded	15-D	987,272.83	1,345,778.65
				Unfunded	15-D	2,774,671.69	2,490,377.41
				Contracts/Encumbrances Payable	16-D	2,989,794.42	1,501,536.81
				Capital Improvement Fund	17-D	72,625.00	12,625.00
				Reserve for:			
				Deferred Amortization	18-D	2,952,776.84	1,642,764.06
				Debt Service	19-D	143,791.04	350,000.00
				Amortization	20-D	116,044,155.42	111,243,396.69
				Fund Balance	D-2	<u>830,981.15</u>	<u>579,928.33</u>
Total Capital Fund		<u>176,669,792.80</u>	<u>171,626,771.58</u>	Total Capital Fund		<u>176,669,792.80</u>	<u>171,626,771.58</u>
Total Assets		<u>\$ 187,554,381.86</u>	<u>\$ 180,457,488.11</u>	Total Liabilities, Reserves and Fund Balances		<u>\$ 187,554,381.86</u>	<u>\$ 180,457,488.11</u>

The Township had bonds and notes authorized by not issued of \$210,000.00 and \$585,389.00 at December 31, 2019 and 2018, respectively (Schedule 21-D).

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -  
REGULATORY ACCOUNTING BASIS

Years ended December 31, 2019 and 2018

	<u>Reference</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	\$ 2,000,000.00	\$ 2,000,000.00
Water/Sewer User Fees	D-3	15,359,057.74	15,228,492.51
Miscellaneous	D-3	1,503,129.89	1,139,639.66
Interlocal Agreement - Boro of Ship Bottom	D-3	101,869.90	89,477.30
Miscellaneous Revenue Not Anticipated	D-3	51,827.12	49,857.98
Other Credits To Income:			
Appropriation Reserves Lapsed	8-D	<u>502,306.76</u>	<u>625,356.38</u>
Total Revenue		<u>19,518,191.41</u>	<u>19,132,823.83</u>
Expenditures:			
Operating	D-4	7,990,000.00	7,905,200.00
Capital Improvements	D-4	1,300,000.00	
Debt Service	D-4	6,163,142.89	6,076,099.41
Deferred Charges	D-4	855.70	1,625,000.00
Statutory Expenditures	D-4	<u>583,086.82</u>	<u>551,800.00</u>
Total Expenditures		<u>16,037,085.41</u>	<u>16,158,099.41</u>
Excess in Revenue		3,481,106.00	2,974,724.42
Fund Balance, January 1	D	<u>7,352,681.46</u>	<u>6,377,957.04</u>
		10,833,787.46	9,352,681.46
Decreased By:			
Utilized as Anticipated Revenue	D-3	<u>2,000,000.00</u>	<u>2,000,000.00</u>
Fund Balance, December 31	D	<u>\$ 8,833,787.46</u>	<u>\$ 7,352,681.46</u>

The accompanying notes to the Financial Statements are an integral part of this Statement.

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, 2019

	<u>Reference</u>		
Balance, December 31, 2018	D		\$ 579,928.33
Increased By:			
Premium on Sale of Bonds and Notes	1-D	\$ 37,367.11	
Funded Improvement Authorizations Cancelled	18-D, 20-D	<u>213,685.71</u>	
			<u>251,052.82</u>
Balance, December 31, 2019	D		<u>\$ 830,981.15</u>

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 2,000,000.00	\$ 2,000,000.00	
Water/Sewer User Fees	D-1	13,990,000.00	15,359,057.74	\$ 1,369,057.74
Miscellaneous	D-1	300,000.00	1,503,129.89	1,203,129.89
Interlocal Agreement - Ship Bottom	D-1	85,000.00	101,869.90	16,869.90
Miscellaneous Revenue Not Anticipated	D-1	<u>                    </u>	<u>51,827.12</u>	<u>51,827.12</u>
	D-4	<u>\$ 16,375,000.00</u>	<u>\$ 19,015,884.65</u>	<u>\$ 2,640,884.65</u>
Cash Receipts	1-D		\$ 16,873,389.28	
Surplus Realized	D-1		2,000,000.00	
Prepaid Revenue Applied	3-D,11-D		<u>142,495.37</u>	
			<u>\$ 19,015,884.65</u>	

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY

WATER/SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2019

	Appropriations		Expended		
	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 2,245,000.00	\$ 2,245,000.00	\$ 2,040,926.67	\$ 204,073.33	
Other Expenses	5,720,000.00	5,720,000.00	5,107,968.30	612,031.70	
Accumulated Leave Compensation	25,000.00	25,000.00	25,000.00		
Total Operating	7,990,000.00	7,990,000.00	7,173,894.97	816,105.03	
Capital Improvements:					
Capital Improvement Fund	1,300,000.00	1,300,000.00	1,300,000.00		
Total Capital Improvements	1,300,000.00	1,300,000.00	1,300,000.00		
Debt Service:					
Payment of Bond Principal	2,520,000.00	2,520,000.00	2,520,000.00		
Interest on Bonds	1,045,000.00	1,045,000.00	1,042,828.13		\$ 2,171.87
Interest on Notes	240,000.00	240,000.00	98,746.53		141,253.47
NJEIT Trust Loan Program:					
Loan Repayment for Principal and Interest	2,696,000.00	2,696,000.00	2,501,568.23		194,431.77
Total Debt Service	6,501,000.00	6,501,000.00	6,163,142.89		337,857.11
Deferred Charges:					
Prior Year Bills:					
Ace Outdoor Power Equipment - 2013 & 2016	913.18	913.18	855.70		57.48
Total Deferred Charges	913.18	913.18	855.70		57.48
Statutory Expenditures:					
Public Employees' Retirement System	386,426.50	386,426.50	386,426.50		
Social Security System	171,660.32	171,660.32	141,748.25	29,912.07	
Unemployment Compensation Insurance	25,000.00	25,000.00	25,000.00		
Total Statutory Expenditures	583,086.82	583,086.82	553,174.75	29,912.07	
Total Appropriations	\$ 16,375,000.00	\$ 16,375,000.00	\$ 15,191,068.31	\$ 846,017.10	\$ 337,914.59
				D/D-1	D-4
Cash Disbursements			\$ 13,196,424.19		
Encumbrances Payable			86,594.35		
Accrued Interest Payable			1,908,049.77		
			\$ 15,191,068.31		

The accompanying notes to the Financial Statements are an integral part of this Statement.

TOWNSHIP OF STAFFORD  
 COUNTY OF OCEAN, NEW JERSEY  
 GENERAL FIXED ASSET GROUP

STATEMENTS OF FIXED ASSETS & FUND BALANCE - REGULATORY ACCOUNTING BASIS

December 31, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>	<u>Reserves</u>	<u>2019</u>	<u>2018</u>
General Fixed Assets:					
Land	\$ 20,152,797.61	\$ 20,152,797.61			
Buildings and Improvements	12,806,296.12	12,724,890.28			
Machinery and Equipment	<u>20,532,073.95</u>	<u>19,690,260.93</u>	Investment in Fixed Assets	<u>\$ 53,491,167.68</u>	<u>\$ 52,567,948.82</u>
Total Assets	<u>\$ 53,491,167.68</u>	<u>\$ 52,567,948.82</u>	Total Reserves	<u>\$ 53,491,167.68</u>	<u>\$ 52,567,948.82</u>

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



**TOWNSHIP OF STAFFORD  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

**Description of Financial Reporting Entity**

The Township of Stafford, County of Ocean, New Jersey (hereafter referred to as the "Township") is governed by the Township form of government, with a mayor and a 6-member Township Council. Administrative responsibilities are assigned to the Township Manager. Policy is determined by Council and the Manager is responsible for carrying out such policy.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

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

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

**Trust Funds** – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Utility Operating and Capital Funds** – These funds accounts for utility 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 utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - 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.

**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.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

- (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).
- (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.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

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

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00 obtain capitalization policy, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

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

**Utility Fixed Assets** – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Foreclosed Property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

**Fund Balance** – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

**Utility Revenues** – Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Townships utility operating fund.

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

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Stafford Township School District and Southern Regional School District]. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July I to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

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

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**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.”

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.



**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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 \$106,950.00 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).

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts 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 their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The following GASB pronouncement effective for the current year did have a significant impact on the Township’s financial statements.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. In accordance with GASB Statement 95 noted below, the requirements of this Statement will be effective for reporting periods subsequent to the date of this report. Management does not expect this Statement to have a material impact to the Municipality’s financial statements.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - 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 funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2. Deposits and Investments (continued)**

As of December 31, 2019, the Township's bank balance of \$61,182,230.97 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 10,094,880.96
NJ Cash Management Fund	43,250,803.53
Uninsured and Uncollateralized	7,836,546.48
	\$ 61,182,230.97

**Investments**

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2019 would be as follows:

<u>Investment type</u>	Carrying Value	Fair Value as of December 31, 2019			Investment Maturities (in Years)
		Level 1	Level 3	Total	Less Than 1 Year
Money Markets	\$ 8,738.66	\$ 8,738.66	\$ -	\$ 8,738.66	\$ 8,738.66
Mutual Funds	1,051,386.65	1,051,386.65	-	1,051,386.65	1,051,386.65
Fixed Account Investment Contract	410,147.17	-	410,147.17	410,147.17	410,147.17
	\$ 1,470,272.48	\$ 1,060,125.31	\$ 410,147.17	\$ 1,470,272.48	\$ 1,470,272.48
 <u>Fund</u>					
Trust Fund - LOSAP	\$ 1,470,272.48	\$ 1,060,125.31	\$ 410,147.17	\$ 1,470,272.48	\$ 1,470,272.48
	\$ 1,470,272.48	\$ 1,060,125.31	\$ 410,147.17	\$ 1,470,272.48	\$ 1,470,272.48

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 2. Deposits and Investments (continued)**

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As of December 31, 2019, the Township's investments had the following ratings:

<u>Investment type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
Money Markets	AAA	Aaa
Mutual Funds	AAA	Aaa
Fixed Account Investment Contract	AAA	Aaa

**Note 3. Property Taxes**

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.

**Comparison Schedule of Tax Rates**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	<u>\$ 2.292</u>	<u>\$ 2.278</u>	<u>\$ 2.353</u>
Apportionment of Tax Rate:			
Municipal	0.894	0.888	0.901
Municipal Open Space	0.010	0.010	0.010
County General	0.446	0.426	0.451
Local School	0.714	0.714	0.752
Regional School	0.228	0.240	0.239

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2019	\$ 4,210,010,500.00
2018	4,168,223,411.00
2017	3,899,381,913.00

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 3. Delinquent Taxes and Tax Title Liens (continued)**

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 97,395,285.13	\$ 96,789,262.98	99.37%
2018	95,760,139.78	95,157,177.18	99.37%
2017	92,715,159.38	91,976,720.98	99.20%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2019	\$ 85,833.32	\$ 527,215.08	\$ 613,048.40	0.63%
2018	266,612.75	509,855.32	776,468.07	0.81%
2017	233,145.62	675,650.29	908,795.91	0.98%

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2019	7
2018	99
2017	95

The last tax sale was held on February 15, 2019.

**Note 4: Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 995,250.00
2018	186,650.00
2017	186,650.00

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 5: Water & Sewer Utility Service Charges**

The following is a three-year comparison of Water & Sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2019	\$ 98,203.27	\$ 16,211,472.25	\$ 16,309,675.52	\$ 16,222,055.34	99.46%
2018	146,474.84	15,766,156.59	15,912,631.43	15,814,428.16	99.38%
2017	173,700.09	15,037,191.55	15,210,891.64	15,064,416.80	99.03%

**Note 6. Fund Balances Appropriated**

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

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2019	\$12,841,220.65	\$ 4,500,000.00	35.04%
2018	11,765,948.59	4,500,000.00	38.25%
2017	10,184,792.68	4,700,000.00	46.15%
<b>Utility Operating Fund:</b>			
2019	\$ 8,833,787.46	\$ 2,000,000.00	22.64%
2018	7,352,681.46	2,000,000.00	27.20%
2017	6,377,957.04	2,000,000.00	31.36%

**Note 7. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 8. Interfund Receivables, Payables and Transfers**

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

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 8. Interfund Receivables, Payables and Transfers (continued)**

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ -	\$ 227,499.22
State and Federal Grant Fund	<u>227,499.22</u>	<u>-</u>
	<u>\$ 227,499.22</u>	<u>\$ 227,499.22</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ -	\$ 120,410.71
State and Federal Grant Fund	<u>120,410.71</u>	<u>-</u>
	<u>\$ 120,410.71</u>	<u>\$ 120,410.71</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 9. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Land	\$ 20,152,797.61	\$ -	\$ -	\$ 20,152,797.61
Buildings and Improvements	12,724,890.28	81,405.84	-	12,806,296.12
Machinery & Equipment	<u>19,690,260.93</u>	<u>841,813.02</u>	<u>-</u>	<u>20,532,073.95</u>
	<u>\$ 52,567,948.82</u>	<u>\$ 923,218.86</u>	<u>\$ -</u>	<u>\$ 53,491,167.68</u>

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 9. Fixed Assets (continued)**

The following is a summary of changes in the Water/Sewer Utility Fixed Capital for the year 2019:

	Balance December 31, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</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	146,619,989.75	1,410,148.47	-	148,030,138.22
Machinery & Equipment	4,246,076.27	-	-	4,246,076.27
Furniture and Fixtures	240,006.00	-	-	240,006.00
Soft Costs	366,886.90	-	-	366,886.90
	<u>\$ 157,896,794.33</u>	<u>\$ 1,410,148.47</u>	<u>\$ -</u>	<u>\$ 159,306,942.80</u>

**Note 10. 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 <http://www.state.nj.us/treasury/pensions/annual-reports.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.

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.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (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 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 2019, 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. For the year ended December 31, 2019, the Township's contractually required contribution to PERS plan was \$1,470,092.

**Components of Net Pension Liability** - At December 31, 2019, the Township's proportionate share of the PERS net pension liability was \$27,232,116. The net pension liability was measured as of June 30, 2019. 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, 2018, which was rolled forward to June 30, 2019. 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, 2019. The Township's proportion measured as of June 30, 2019, was 0.1511343461% which was an increase of 0.0023273361% from its proportion measured as of June 30, 2018.

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 4,150,454	\$ 6,270,550
Deferred Inflows of Resources	10,174,674	10,090,539
Net Pension Liability	27,232,116	29,299,359
Township's portion of the Plan's total Net Pension Liability	0.15113%	0.14881%



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2019, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2019 measurement date is \$1,634,651. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,470,092 to the plan in 2019.

At December 31, 2019, 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	\$ 488,781	\$ 120,299
Changes of Assumptions	2,719,227	9,452,181
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	429,870
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>942,446</u>	<u>172,324</u>
	<u>\$ 4,150,454</u>	<u>\$ 10,174,674</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending Dec 31,</u>	<u>Amount</u>
2020	\$ (889,459)
2021	(1,598,487)
2022	(2,458,312)
2023	(989,388)
2024	<u>(88,574)</u>
	<u>\$ (6,024,220)</u>

**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:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	2.00 - 6.00%	Based on Years of Service
Thereafter	3.00 - 7.00%	Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	

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

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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 (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 (5.28%) or 1-percentage-point higher (7.28%) than the current rate:

	<b>1% Decrease <u>(5.28%)</u></b>	<b>Current Discount Rate <u>(6.28%)</u></b>	<b>1% Increase <u>(7.28%)</u></b>
Township's Proportionate Share of the Net Pension Liability	\$ 34,637,889	\$ 27,232,116	\$ 21,340,784

**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 <http://www.state.nj.us/treasury/pensions/annual-reports.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.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. 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 2019, 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. For the year ended December 31, 2019, the Township's contractually required contributions to PFRS plan was \$1,947,217.

**Net Pension Liability and Pension Expense** - At December 31, 2019 the Township's proportionate share of the PFRS net pension liability was \$23,591,168. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019. The Township's proportion measured as of June 30, 2019, was 0.1927726536%, which was an increase of 0.0105566397% from its proportion measured as of June 30, 2018.

**Balances at December 31, 2019 and December 31, 2018**

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Deferred Outflows of Resources	\$ 3,076,419	\$ 3,372,346
Deferred Inflows of Resources	8,183,477	6,825,562
Net Pension Liability	23,591,168	24,656,831
Township's portion of the Plan's total net pension Liability	0.19277%	0.18222%

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2019, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2019 measurement date was \$2,535,397. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$1,947,217 to the plan in 2019.

At December 31, 2019, 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	\$ 199,140	\$ 149,360
Changes of Assumptions	808,362	7,624,449
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	319,653
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contribution:	<u>2,068,917</u>	<u>90,015</u>
	<u>\$ 3,076,419</u>	<u>\$ 8,183,477</u>

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
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
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending</b>		
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>	
2020	\$	(1,239,222)
2021		(1,427,289)
2022		(1,391,710)
2023		(840,993)
2024		<u>(207,844)</u>
	<b>\$</b>	<b><u>(5,107,058)</u></b>

**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 PFRS net pension liability attributable to the Township is \$3,725,090 as of December 31, 2019. The net pension liability was measured as of June 30, 2019. 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, 2018, to the measurement date of June 30, 2019. 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, 2019 was 0.1927726536%, which was an increase of 0.0105566397% from its proportion measured as of June 30, 2018, which is the same proportion as the Township’s. At December 31, 2019, the Township’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 23,591,168
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>3,725,090</u>
	<b><u>\$ 27,316,258</u></b>

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

At December 31, 2019, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$432,825.

**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:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through all future years		3.25 - 15.25%
		Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
	PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
	PFRS	Pub-2010 Safety Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2013 - June 30, 2018

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen’s Retirement System (PFRS) (continued):**

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2019 are summarized in the following table:

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

**Discount Rate** - The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation 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 and the nonemployer contributing entity will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076 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 (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 10. Pension Obligations (continued):**

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

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Township's Proportionate Share of the Net Pension Liability	\$ 31,886,662	\$ 23,591,168	\$ 16,725,451
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>5,034,964</u>	<u>3,725,090</u>	<u>2,640,980</u>
	<u>\$ 36,921,626</u>	<u>\$ 27,316,258</u>	<u>\$ 19,366,431</u>

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

**Note 11. Postemployment Benefits Other Than Pensions**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at.

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

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

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

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

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan 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.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

*Health Care Trend Assumptions*

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

*Discount Rate*

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Township	\$ 38,655,553.26	\$ 33,431,703.00	\$ 29,186,634.21
State of New Jersey's Total Nonemployer OPEB Liability	15,662,704,137.00	13,546,071,100.00	11,826,026,995.00

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:*

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Township	\$ 28,212,237.34	\$ 33,431,703.00	\$ 40,090,010.11
State of New Jersey's Total Nonemployer OPEB Liability	11,431,214,644.00	13,546,071,100.00	16,243,926,531.00

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

**Additional Information** – The following is a summary of the collective balances of the local group at June 30, 2019:

**Collective Balances at December 31, 2019 and December 31, 2018**

	12/31/2019	12/31/2018
Actuarial valuation date (including roll forward)	June 30, 2019	June 30, 2018
Collective Deferred Outflows of Resources	\$ 11,158,226.00	\$ 8,279,239.00
Collective Deferred Inflows of Resources	8,761,825,481.00	7,154,925,195.00
Collective Net OPEB Liability	13,546,071,100.00	15,666,618,141.00
 Township's Portion	 0.246800%	 0.255882%

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2020	\$ (1,425,201,517.00)
2021	(1,425,201,517.00)
2022	(1,426,076,187.00)
2023	(1,427,489,995.00)
2024	(1,428,781,861.00)
Thereafter	(1,617,916,178.00)
	\$ (8,750,667,255.00)

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

**Plan Membership**

At June 30, 2018, the Program membership consisted of the following:

	June 30, 2018
Active Plan Members	63,032
Retirees Currently Receiving Benefits	27,871
Total Plan Members	90,903

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

Service Cost	\$ 666,574,660.00
Interest on the Total OPEB Liability	636,082,461.00
Change of Benefit Terms	(1,903,958.00)
Differences Between Expected and Actual Experience	(1,399,921,930.00)
Changes of Assumptions	(1,635,760,217.00)
Contributions From the Employer	(346,415,056.00)
Contributions From Non-Employer Contributing Entity	(43,854,500.00)
Net Investment Income	(4,826,936.00)
Administrative Expense	9,478,435.00
Net Change in Total OPEB Liability	(2,120,547,041.00)
Total OPEB Liability (Beginning)	15,666,618,141.00
Total OPEB Liability (Ending)	\$ 13,546,071,100.00

**Special Funding Situation**

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

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 11. Postemployment Benefits Other Than Pensions (continued):**

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

The participating employer allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the Township is \$9,823,678.00 as of December 31, 2019. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The State's proportion of the OPEB liability associated with the Township was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2019 was 0.1777809994%, which was a decrease of 0.0122529967% from its proportion measured as of June 30, 2018, which is the same proportion as the Township's. At December 31, 2019, the Township's and the State of New Jersey's proportionate share of the OPEB liability were as follows:

State of New Jersey's	
Proportionate Share of OPEB Liability	
Associated with the Township	\$ 9,823,678.00

At December 31, 2019, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the plan as of the June 30, 2019 measurement date was \$130,215.00.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt**

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	\$ 55,944,392.27	\$ 55,778,460.86	\$ 57,091,988.76
Utility:			
Bonds, Notes and Loans	49,873,724.41	52,460,364.63	52,695,066.49
	<hr/>	<hr/>	<hr/>
Total Debt Issued	105,818,116.68	108,238,825.49	109,787,055.25
	<hr/>	<hr/>	<hr/>
<b>Authorized But Not Issued:</b>			
General:			
Bonds, Notes and Loans	-	476,000.00	4,227,500.00
Utility:			
Bonds, Notes and Loans	210,000.00	585,389.00	4,283,644.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	210,000.00	1,061,389.00	8,511,144.00
	<hr/>	<hr/>	<hr/>
<b>Total Gross Debt</b>	<b>\$ 106,028,116.68</b>	<b>\$ 109,300,214.49</b>	<b>\$ 118,298,199.25</b>
	<hr/>	<hr/>	<hr/>
<b>Deductions:</b>			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 1,915,861.92	\$ 1,185,144.71	\$ 1,680,988.29
Utility:			
Self Liquidating Debt	50,083,724.41	53,045,753.63	56,978,710.49
	<hr/>	<hr/>	<hr/>
Total Deductions	51,999,586.33	54,230,898.34	58,659,698.78
	<hr/>	<hr/>	<hr/>
<b>Total Net Debt</b>	<b>\$ 54,028,530.35</b>	<b>\$ 55,069,316.15</b>	<b>\$ 59,638,500.47</b>
	<hr/>	<hr/>	<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 11,184,000.00	\$ 11,184,000.00	\$ -
Regional School Debt	-	-	-
General Debt	55,944,392.27	1,915,861.92	54,028,530.35
Utility Debt	50,083,724.41	50,083,724.41	-
	<hr/>	<hr/>	<hr/>
	<b>\$ 117,212,116.68</b>	<b>\$ 63,183,586.33</b>	<b>\$ 54,028,530.35</b>
	<hr/>	<hr/>	<hr/>

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

Net Debt \$54,028,530.35 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$4,551,399,493, equals 1.187%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 159,298,982.26
Net Debt	<u>54,028,530.35</u>
 Remaining Borrowing Power	 <u>\$ 105,270,451.91</u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 19,015,884.65
 Deductions:	
Operating and Maintenance Costs	\$ 8,573,086.82
Debt Service	<u>6,163,142.89</u>
 Total Deductions	 <u>14,736,229.71</u>
 Excess/(Deficit) in Revenue	 <u>\$ 4,279,654.94</u>

**General Debt**

**A. Serial Bonds Payable**

On May 24, 2011, the Township issued \$8,850,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on January 15, 2021.

On May 22, 2012, the Township issued \$7,965,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.50% to 3.00% and mature on January 15, 2029.

On March 27, 2014, the Township issued \$6,111,500.00 of General Obligation Refunding Bonds. The General Obligation Bonds were issued at interest rates varying from 4.00% to 5.00% and mature on July 1, 2020.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**General Debt (continued)**

**A. Serial Bonds Payable**

On March 27, 2014, the Township issued \$1,025,000.00 of Pension Refunding Bonds. The General Obligation Bonds were issued at interest rates varying from 2.50% to 5.00% and mature on April 1, 2033.

On May 19, 2014, the Township issued \$6,500,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on May 1, 2025.

On November 19, 2014, the Township issued \$8,480,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 1.75% to 5.00% and mature on February 1, 2024.

On February 24, 2016, the Township issued \$11,095,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on August 1, 2028.

On May 10, 2017 the Township issued \$10,880,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2029.

On November 9, 2017 the Township issued \$4,560,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on January 1, 2031.

On May 3, 2018 the Township issued \$4,580,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2032.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 5,365,000.00	\$ 1,682,622.50	\$ 7,047,622.50
2021	4,855,000.00	1,472,972.50	6,327,972.50
2022	4,945,000.00	1,288,685.00	6,233,685.00
2023	5,040,000.00	1,088,147.50	6,128,147.50
2024	5,120,000.00	870,722.50	5,990,722.50
2025-2029	17,590,000.00	1,950,745.00	19,540,745.00
2030-2033	2,580,000.00	138,775.00	2,718,775.00
	<u>\$ 45,495,000.00</u>	<u>\$ 8,492,670.00</u>	<u>\$ 53,987,670.00</u>

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**General Debt (continued)**

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Ordinance 17-30	5/1/2019	4/29/2020	2.750%	\$ 142,500.00
Ordinance 18-03	5/1/2019	4/29/2020	2.750%	3,797,500.00
Ordinance 18-14	5/1/2019	4/29/2020	2.750%	475,000.00
Ordinance 19-09	11/8/2019	4/29/2020	2.000%	<u>5,225,000.00</u>
				<u><u>\$ 9,640,000.00</u></u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2019, the Township had no General Capital bonds and notes authorized but not issued.

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

In 2000, 2001, 2002 and 2006 the Township finalized one loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to New Jersey Environmental Infrastructure Trust Financing Program.

The first loan consists of two agreements, a Trust Loan Agreement of \$840,000 to be repaid over a 10 year period at varying interest rates.

The second loan consists of five agreements, a Trust Loan Agreement of \$2,700,444.22 to be repaid over a 20 year period at varying interest rates.

The third loan consists of two agreements, a Trust Loan Agreement of \$1,000,000.00 to be repaid over a 20 year period at varying interest rates.

The fourth loan consists of two agreements, a Trust Loan Agreement of \$500,000.00 to be repaid over a 20 year period at varying interest rates.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**General Debt (continued)**

**D. Loans Payable**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 274,265.45	\$ 31,986.38	\$ 306,251.83
2021	177,371.01	27,373.41	204,744.42
2022	66,405.36	25,683.92	92,089.28
2023	52,038.86	25,418.19	77,457.05
2024	53,084.82	25,304.15	78,388.97
2025-2029	186,226.77	127,091.63	313,318.40
	<u>\$ 809,392.27</u>	<u>\$ 262,857.68</u>	<u>\$ 1,072,249.95</u>

Under regulatory basis of accounting, amortization of the leased equipment is not reported in the financial statements.

**Water & Sewer Utility Debt**

**A. Serial Bonds Payable**

On July 1, 2005, the Township issued \$10,151,000 of Utility Improvement Bonds. The Bonds were issued at a 3.00% interest rate and mature on July 1, 2030.

On May 24, 2011 the Township issued \$5,900,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 3.00% to 4.00% and mature on January 15, 2022.

On May 22, 2012 the Township issued \$4,035,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 2.50% to 3.125% and mature on January 15, 2032.

On March 27, 2014 the Township issued \$4,218,500.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.50% to 5.00% and mature on July 1, 2025.

On May 19, 2014 the Township issued \$3,500,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on May 1, 2029.

On February 24, 2016 the Township issued \$7,425,000.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.25% to 5.00% and mature on August 1, 2029.

On May 10, 2017 the Township issued \$5,280,000.00 of Utility Improvement Bonds. The Bonds were issued at interest rates varying from 3.00% to 5.00% and mature on May 1, 2032.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**A. Serial Bonds Payable**

On November 9, 2017 the Township issued \$5,730,000.00 of Utility Refunding Bonds. The Bonds were issued at interest rates varying from 2.00% to 5.00% and mature on May 1, 2031.

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,645,000.00	\$ 987,405.00	\$ 3,632,405.00
2021	2,730,000.00	893,560.00	3,623,560.00
2022	2,890,000.00	789,190.00	3,679,190.00
2023	2,345,000.00	680,955.00	3,025,955.00
2024	2,415,000.00	588,605.00	3,003,605.00
2025-2029	12,145,000.00	1,557,450.00	13,702,450.00
2030-2032	3,151,000.00	125,955.00	3,276,955.00
	<u>\$ 28,321,000.00</u>	<u>\$ 5,623,120.00</u>	<u>\$ 33,944,120.00</u>

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the Utility Capital Fund at December 31, 2019:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2019</u>
Ordinance 17-18	5/1/2019	4/29/2020	2.750%	\$ 2,000,000.00
Ordinance 18-04	5/1/2019	4/29/2020	2.750%	1,150,000.00
Ordinance 18-15	5/1/2019	4/29/2020	2.750%	50,000.00
Ordinance 19-10	11/8/2019	4/29/2020	2.000%	700,000.00
Ordinance 19-11	11/8/2019	4/29/2020	2.000%	1,875,000.00
				<u>\$ 5,775,000.00</u>

The purpose of these short-term borrowings was to provide resources for utility capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2019 the Township had \$210,000 in various Utility bonds and notes authorized but not issued.



**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

In 1996, 2005, 2006, 2007, 2008, 2009, 2010, 2017 and 2019 the Township finalized loan agreements with the State of New Jersey Department of Environmental Protection, pursuant to the New Jersey Environmental Infrastructure Trust Financing Program.

The first loan consists of two agreements, a Trust Loan Agreement of \$2,185,000 to be repaid over a 25 year period at interest rates ranging from 5.00% to 5.25%, and a no interest Fund Loan Agreement of \$2,183,651 to be repaid over a 25 year period.

The second loan consists of two agreements, a Trust Loan Agreement of \$5,295,000 to be repaid over a 20 year period at interest rates ranging from 4.00% to 5.00%, and a no interest Fund Loan Agreement of \$4,895,597 to be repaid over a 20 year period.

The third loan consists of two agreements, a Trust Loan Agreement of \$3,075,000 to be repaid over a 20 year period at interest rates ranging from 4.00% to 5.00%, and a no interest Fund Loan Agreement of \$3,026,741 to be repaid over a 20 year period.

The fourth loan consists of two agreements, a Trust Loan Agreement of \$4,425,000 to be repaid over a 20 year period at interest rates ranging from 4.25% to 5.00%, and a no interest Fund Loan Agreement of \$4,361,085 to be repaid over a 20 year period.

The fifth loan consists of two agreements, a Trust Loan Agreement of \$2,295,000 to be repaid over a 20 year period at interest rates ranging from 5.00% to 5.50%, and a no interest Fund Loan Agreement of \$2,263,923 to be repaid over a 20 year period.

The sixth loan consists of two agreements, a Trust Loan Agreement of \$100,180.18 to be repaid over a 20 year period at interest rates ranging from 0.65% to 4.15%, and a no interest Fund Loan Agreement of \$2,88,693 to be repaid over a 20 year period.

The seventh loan consists of two agreements, a Trust Loan Agreement of \$1,405,000 to be repaid over a 25 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$4,221,645 to be repaid over a 20 year period.

The eighth loan consists of two agreement, a Trust Loan Agreement of \$590,000 to be repaid over a 20 year period at interest rates ranging from 3.00% to 5.00%, and a no interest Fund Loan Agreement of \$1,782,179 to be repaid over a 20 year period.

The ninth loan consists of one agreement, a no interest Fund Loan Agreement of \$1,474,611 to be repaid over a 20 year period.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 12. Municipal Debt (continued)**

**Water & Sewer Utility Debt (continued)**

**D. Loans Payable (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,415,651.49	\$ 298,797.69	\$ 2,714,449.18
2021	2,204,608.64	254,944.60	2,459,553.24
2022	2,244,631.52	214,106.53	2,458,738.05
2023	2,284,217.81	170,539.21	2,454,757.02
2024	2,069,755.21	126,128.64	2,195,883.85
2025-2029	3,661,088.44	208,740.24	3,869,828.68
2030-2034	633,096.30	37,306.26	670,402.56
2035-2037	264,675.00	8,050.00	272,725.00
	<u>\$ 15,777,724.41</u>	<u>\$ 1,318,613.17</u>	<u>\$ 17,096,337.58</u>

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

	<u>Balance</u> <u>December 31,</u> <u>2018</u>	<u>Accrued/</u> <u>Increases</u>	<u>Retired/</u> <u>Decreases</u>	<u>Balance</u> <u>December 31,</u> <u>2019</u>	<u>Balance</u> <u>Due Within</u> <u>One Year</u>
<b>General Capital:</b>					
General Bonds	\$ 50,745,000.00	\$ -	\$ 5,250,000.00	\$ 45,495,000.00	\$ 5,365,000.00
Bond Anticipation Notes	3,940,000.00	9,640,000.00	3,940,000.00	9,640,000.00	9,640,000.00
Loans	1,093,460.86	-	284,068.59	809,392.27	274,265.45
	<u>\$ 55,778,460.86</u>	<u>\$ 9,640,000.00</u>	<u>\$ 9,474,068.59</u>	<u>\$ 55,944,392.27</u>	<u>\$ 15,279,265.45</u>
<b>Utility Capital:</b>					
Utility Bonds	\$ 30,841,000.00	\$ -	\$ 2,520,000.00	\$ 28,321,000.00	\$ 2,645,000.00
Bond Anticipation Notes	3,500,000.00	5,775,000.00	3,500,000.00	5,775,000.00	5,775,000.00
Loans	18,119,364.63	-	2,341,640.22	15,777,724.41	2,415,651.49
	<u>\$ 52,460,364.63</u>	<u>\$ 5,775,000.00</u>	<u>\$ 8,361,640.22</u>	<u>\$ 49,873,724.41</u>	<u>\$ 10,835,651.49</u>

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 13. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2019</u>	<u>2018</u>
Total Balance of Local Tax	\$ 14,368,145.00	\$ 13,815,481.00
Deferred Taxes	<u>11,292,290.00</u>	<u>11,292,290.00</u>
Local Tax Payable	<u>\$ 3,075,855.00</u>	<u>\$ 2,523,191.00</u>

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2019</u>	<u>2018</u>
Total Balance of Regional Tax	\$ 4,793,536.00	\$ 4,994,532.00
Deferred Taxes	<u>4,138,088.13</u>	<u>4,138,088.13</u>
Regional Tax Payable	<u>\$ 655,447.87</u>	<u>\$ 856,443.87</u>

**Note 14. Accrued Sick, Vacation and Compensation Time**

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, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$3,360,156.30 at December 31, 2019.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2019, the Township has reserved in the Other Trust Fund \$1,243,342.74 to fund compensated absences in accordance with NJSA 40A:4-39.

**Note 15. Risk Management**

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

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 15. Risk Management (continued)**

**Joint Insurance Pool**

The Township is a member of the Ocean County Municipal Joint Insurance Fund. The Fund provides the Township with the following primary coverage:

- Crime
- Commercial General Liability
- Law Enforcement Professional Liability
- Bodily Injury and Property Damage Liability (Auto)
- Workers Compensation
- Environmental Legal Liability

**New Jersey Unemployment Compensation Insurance**

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 150,203.51	\$ 68,201.80	\$ 179,395.41
2018	153,757.93	94,664.61	97,393.70
2017	146,664.47	119,515.26	38,300.38

**Note 16. Contingencies**

**Grantor Agencies**

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, 2019 the Township estimates that no material liabilities will result from such audits.

**TOWNSHIP OF STAFFORD**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 16. Contingencies (continued)**

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2019.

**Note 17. Tax Abatements**

The Township is authorized by the New Jersey Housing and Mortgage Financing Act Law of 1983, N.J.S.A. 55:14K-1 et seq. (hereinafter "HMFA Law"), and a Resolution of the Council dated March 13, 2007, to enter into property tax abatement agreements for the purpose of attracting affordable housing. The exemption of the projects from real property taxation subject to this law shall not extend beyond the date on which the Agency Mortgage is paid in full, which according to the HMFA Law, may not exceed fifty (50) years. . All the units in the project qualify as low or moderate income units under the Fair Housing Act, NJSA, 52:270-301 et seq. the regulations of the council on Affordable Housing, NJAC5:94: et seq. and NJAC 5:95 et seq. and the Uniform Housing Affordability Controls, NJAC 5:94 et seq. Tax abatements may be granted to any affordable housing, as deemed appropriate by the Township.

The Township of Stafford is authorized by the Long Term Tax Exemption Law of 1991, N.J.S.A. 40A:21 et seq. (hereinafter "Long Term Tax Exemption Law") to enter into property tax abatement agreements for the purpose of attracting redevelopment projects. The exemption of the projects from real property taxation subject to this law shall apply to the value of the new improvements constructed as part of a redevelopment project and must have a maximum exemption term of thirty (30) years or no more than thirty-five (35) years from the execution of the financial agreement. Tax abatements may be granted for any redevelopment project in accordance with the Long Term Tax Exemption Law as deemed appropriate by the Township.

For the year ended December 31, 2019, the Township abated property taxes totaling \$1,835,288.91 under this program. However, the Township collected \$959,796.02 from these properties under a payment in lieu of taxes program.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 17. Tax Abatements (continued)**

Recipient	Purpose	Amount Abated	Municipal Portion County Portion	
			Collected Under PILOT Program	Collected Under PILOT Program
Target	Commercial	\$ 358,762.18	\$ 141,031.50	\$ 7,422.70
Costco	Commercial	376,282.22	142,252.34	7,486.96
Best Buy, PetSmart & Dick's	Commercial	219,197.71	58,033.82	3,054.42
Vitamin Shoppe	Commercial	12,701.87	6,680.92	351.63
Ulta Beauty	Commercial	37,480.92	19,714.61	1,037.14
AT&T	Commercial	11,105.45	5,841.24	307.44
Olive Garden	Commercial	23,128.57	1,466.48	77.19
Five Below	Commercial	33,730.91	14,924.36	785.49
		1,072,389.83	389,945.27	20,522.97
Stafford Family Apartments	Affordable Housing	138,216.77	44,058.15	2,318.85
Presbyterian Homes	Affordable Housing	154,363.91	26,928.96	-
		292,580.68	70,987.11	2,318.85
Stafford Preserve	Other	470,318.40	498,863.64	26,255.99
		\$ 1,835,288.91	\$ 959,796.02	\$ 49,097.81

**Note 18. Community Disaster Loan**

During the year ended December 31, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of \$5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down \$2,000,000 of the total amount in November 2013 and recognized this as revenue in the Current Fund in the year ended December 31, 2013. In July 2014, the Township drew down an additional \$1,240,000 and recognized this as revenue in the Current Fund in the year ended December 31, 2014.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case November 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

The Township previously applied and was denied for a partial cancellation of this loan plus the related accrued interest. The outstanding balance including accrued interest at December 31, 2019 totaled \$2,527,656.18.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 19. Length of Service Awards Program**

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”.

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.

**TOWNSHIP OF STAFFORD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 19. Length of Service Awards Program (continued)**

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.

**Note 20. Subsequent Events**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2019 and June 19, 2020, the date the financial statements were available to be issued.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread globally. The coronavirus outbreak is still evolving and its effects remain unknown. The Township is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Township's operations.

On April 28, 2020 the Township adopted an ordinance providing for Various Capital Improvements and the Acquisition of Various Capital Equipment, appropriating \$8,595,750 therefor and authorizing the issuance of \$8,165,750 in bonds and notes to finance a portion of the costs thereof.

On April 28, 2020 the Township adopted an ordinance providing for Various Water/Sewer Utility Improvements and the Acquisition of Various Water/Sewer Utility Equipment, appropriating \$1,112,500 therefor and authorizing the issuance of \$1,112,500 in bonds and notes to finance a portion of the costs thereof.

On April 28, 2020 the Township adopted an ordinance providing for the Beach Haven West Sewer Replacement – Phase II Project, appropriating \$2,500,000 therefor and authorizing the issuance of \$2,500,000 in bonds and notes to finance a portion of the costs thereof.



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

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## FORM OF 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 its \$10,505,000 General Obligation Bonds, Series 2021, consisting of \$8,120,000 General Improvement Bonds, Series 2021A, and \$2,385,000 Water/Sewer Utility Bonds, Series 2021B (collectively, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on March 23, 2021 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on April 1 in the years 2022 through 2036, 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 Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 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.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

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

"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 ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Official Statement" shall mean the Official Statement of the Issuer, dated April 13, 2021, relating to the Bonds.

"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.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30<sup>th</sup> of each year, commencing September 30, 2021 (for the fiscal year ending December 31, 2020), provide to the MSRB 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 cross-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(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to

the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided.

*Section 4. Content of Annual Reports.* 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 standards (GAAS) 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 and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in Appendix A to the Official Statement under the following headings: "Largest Tax Payers"; "Comparison of Tax Levies and Collections"; "Delinquent Taxes and Tax Title Liens"; "Property Acquired by Tax Lien Liquidation"; "Tax Rates per \$100 of Net Valuations Taxable and Allocations"; "Valuation of Property"; "Classification of Ratables"; and "Summary of Adopted Municipal Budgets".

*Section 5. Reporting of Significant Events.*

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, 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 the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

7. modifications to rights of Bondholders, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of 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;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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 the redemption by other prior optional redemptions or security purchases.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

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

(a) If the amendment or waiver relates to the provisions of Section 3, 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 Bondholders 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 notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

*Section 11. Duties, Immunities and Liabilities of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.



*Section 12.* Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: April 27, 2021

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

By: \_\_\_\_\_  
Douglas R. Gannon, Chief Financial Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Stafford, in the County of Ocean, New Jersey

Name of Bond Issue: \$10,505,000 General Obligation Bonds, Series 2021, consisting of \$8,120,000 General Improvement Bonds, Series 2021A, and \$2,385,000 Water/Sewer Utility Bonds, Series 2021B

Date of Issuance: April 27, 2021  
(CUSIP Number:\_\_\_\_\_)

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated April 27, 2021. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated \_\_\_\_\_, 20\_\_

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

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

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**  
**FOR THE NOTES**

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## FORM OF 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 its Bond Anticipation Notes, Series 2021A, in the aggregate principal amount of \$8,680,000 (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. 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 Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

**SECTION 2. Definitions.** The following capitalized terms shall have the following meanings:

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

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"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.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

**SECTION 3. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of 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;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such

occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. 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 Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. 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 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 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 Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: April 27, 2021

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

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

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

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GluckWalrath LLP  
 4 Paragon Way  
 Suite 400  
 Freehold, New Jersey 07728  
 (732) 530-8822 (Phone)  
 (732) 530-6770 (Facsimile)

glucklaw.com

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

April 27, 2021

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

**RE: Township of Stafford, County of Ocean, New Jersey  
 \$10,505,000 General Obligation Bonds, Series 2021**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$10,505,000 General Obligation Bonds, Series 2021, consisting of \$8,120,000 General Improvement Bonds, Series 2021A, and \$2,385,000 Water/Sewer Utility Bonds, Series 2021B (collectively, the “Bonds”), of the Township of Stafford, in the County of Ocean, a municipal corporation of the State of New Jersey (the “Township”). The Bonds are dated April 27, 2021 and mature on April 1st in each year in the principal amounts set forth in the table below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on October 1st and April 1st of each year, commencing on October 1, 2021, until maturity.

Maturity (April 1st)	General Improvement Bonds, Series 2021A <u>Principal Amount</u>	Water/Sewer Utility Bonds, Series 2021B <u>Principal Amount</u>	Combined <u>Maturity</u>	Interest <u>Rate</u>
2022	\$390,000	\$ 95,000	\$485,000	2.000%
2023	\$390,000	\$120,000	\$510,000	2.000%
2024	\$390,000	\$165,000	\$555,000	4.000%
2025	\$775,000	\$165,000	\$940,000	4.000%
2026	\$775,000	\$165,000	\$940,000	4.000%
2027	\$775,000	\$165,000	\$940,000	4.000%
2028	\$775,000	\$165,000	\$940,000	4.000%
2029	\$770,000	\$165,000	\$935,000	3.000%
2030	\$770,000	\$165,000	\$935,000	3.000%
2031	\$770,000	\$165,000	\$935,000	2.000%
2032	\$770,000	\$170,000	\$940,000	2.000%



2033	\$770,000	\$170,000	\$940,000	2.000%
2034		\$170,000	\$170,000	2.000%
2035		\$170,000	\$170,000	2.000%
2036		\$170,000	\$170,000	2.000%

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 23, 2021 (the “Bond Resolution”), and by virtue of various Bond Ordinances finally adopted by the Township as identified in the Bond Resolution (collectively, the “Bond Ordinances”). The Bonds are being issued to: (i) currently refund and permanently finance a portion of the Township’s \$11,785,000 bond anticipation notes, dated April 28, 2020 and maturing April 28, 2021; and (ii) pay costs of issuance and delivery of the Bonds.

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 Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Bonds (the “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, 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 Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the 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 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 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 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. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals by the Internal Revenue Code of 1986, as amended (the "Code"). Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

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

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GluckWalrath LLP  
4 Paragon Way  
Suite 400  
Freehold, New Jersey 07728  
(732) 530-8822 (Phone)  
(732) 530-6770 (Facsimile)

glucklaw.com

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

April 27, 2021

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

**RE: Township of Stafford, County of Ocean, New Jersey  
\$8,680,000 Bond Anticipation Notes, Series 2021A, dated April 27, 2021, due  
April 26, 2022, at 1.50%**

Dear Mayor and Council:

We have examined a record of the proceedings relating to the issuance of \$8,680,000 Bond Anticipation Notes, Series 2021A (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 April 27, 2021, mature April 26, 2022, and bear interest at the rate of one and fifty hundredths per centum (1.50%) 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 bond ordinances described in the Certificate of Determination and Award dated the date hereof (the "Bond Ordinances"). The Notes are being issued to: (i) temporarily finance the cost of various general capital and Water/Sewer Utility improvements to be undertaken in and by the Township; and (ii) pay costs associated with the issuance of the Notes.

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, 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 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. 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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