

**TOWNSHIP OF CARNEYS POINT
IN THE COUNTY OF SALEM, STATE OF NEW JERSEY
NOTICE OF SALE**

\$5,150,000 GENERAL OBLIGATION BONDS, SERIES 2017

(BOOK-ENTRY ONLY) (BANK QUALIFIED) (CALLABLE)

SUMMARY

ISSUER: Township of Carneys Point, in the County of Salem, State of New Jersey (the "Township")

PAR AMOUNT: \$5,150,000 General Obligation Bonds, Series 2017

SECURITY: General Obligations of the Township as to all Bonds

TAX EXEMPT: Yes

RATING: Standard & Poor's – Expected

INSURANCE: The Winning Bidder of the Bonds may, at its sole option and expense, purchase a policy of municipal bond insurance

TYPE OF SALE: Electronic Proposals via the Parity Electronic Bid Submission System ("PARITY") (see Bidding Details herein)

AUCTION AGENT: PARITY

BID/AWARD DATE: April 4, 2017 until 11:00 a.m., prevailing New Jersey time, at which time they will be publicly opened, received and announced. Award by 3:00 p.m., prevailing New Jersey time.

DATED DATE: Date of Delivery

DELIVERY DATE: On or about April 17, 2017

INTEREST PAYMENT DATES: April 15 and October 15, commencing April 15, 2018

CALL DATE: April 15, 2025

MINIMUM BID: \$5,150,000 (Par); the Bonds will be sold on the basis of the maturity schedule set forth herein

MAXIMUM BID: Bidders may bid to purchase Bonds from the Township with a premium not to exceed \$154,500.00, representing a maximum bid price of \$5,304,500 (103%).

BID SECURITY: Good Faith Check or Wire Transfer in the amount of \$103,000 received by the Township prior to bidding as provided in this Notice

BASIS OF AWARD: True Interest Cost

OFFERING STATEMENT: Preliminary Official Statement available at www.govdebt.net.

NOTICE

NOTICE IS HEREBY GIVEN that bids will be received by the Township of Carneys Point, in the County of Salem, State of New Jersey (the "Township") for the purchase of the Township's \$5,150,000 aggregate principal amount of General Obligation Bonds, Series 2017 (the "Bonds"). **All Bids (as defined below) must be submitted in their entirety via "PARITY Electronic Bid Submission System" (PARITY) prior to 11:00 a.m., prevailing New Jersey time on April 4, 2017. To bid, Bidders (as defined below) must have submitted a good faith check or wire, payable to the Township, in the amount of \$103,000 by no later than 10:30 a.m. on the Bid Date (see Bidding Details below).**

Preliminary and Final Official Statement

The Township's Preliminary Official Statement (the "POS") is available for viewing in electronic format on www.govdebt.net. In addition, broker dealers registered with the Financial Industry Regulatory Authority, Inc. ("FINRA") and dealer banks with The Depository Trust Company ("DTC") clearing arrangements may either: (a) print out a copy of the POS on their own printer, or (b) at any time prior to April 4, 2017, elect to receive a photocopy of the POS in the mail by calling the Township's bond counsel, Archer & Greiner P.C. ("Bond Counsel"), Riverview Plaza, 10 Highway 35, Red Bank, New Jersey 07701 to the attention of John M. Cantalupo, Esq. (telephone number 732-268-8009 and e-mail jcantalupo@archerlaw.com) or the Township's Municipal Advisor, Anthony Inverso of Phoenix Advisors, LLC., 4 West Park Street, Bordentown, New Jersey 08505 (telephone number (609) 291-0130 and email ainverso@muniadvisors.com). All Bidders must review the POS and certify that they have done so prior to participating in the bidding.

The POS is deemed by the Township to be final as of its date, for purposes of SEC Rule 15c2-12(b)(1) under the Securities and Exchange Act of 1934, except for the omission of information concerning the offering price(s), interest rate(s), selling compensation, aggregate principal amount of the Bonds and any other terms or provisions to be determined from the successful Bid(s) or depending on such matters, and the identity of the underwriter(s). The POS is, however, subject to such further revisions, amendments and completion in a Final Official Statement (the "Final Official Statement") as may be necessary.

The Township, at its expense, will make available to the winning Bidder a reasonable number of Final Official Statements within seven (7) business days following the date of acceptance of the Bid.

Types of Bids Allowed

Subject to the Bid requirements described below, Bids for the Bonds must be submitted on an "All-or-None" ("AON") basis for the entire amount of bonds offered for sale. First, a Bidder must submit a conforming Bid for the entire issue, and if such Bid is accepted by the Township, the Bidder will be required to purchase the entire issue in accordance with such Bid.

Insurance

If the Bonds qualify for the issuance of any policy of municipal bond insurance, the Bidder of the Bonds may, at its sole option and expense, purchase such insurance. The insurance premium, if any, will be paid by the Bidder. Any failure of the Bonds to be so insured shall not in any way relieve the Winning Bidder of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds.

Interest Payment Dates; Description of the Bonds

The Bonds will be dated their date of delivery and will bear interest from such date payable semiannually on each April 15 and October 15 (each an "Interest Payment Date"), commencing April 15, 2018, in each year until maturity or prior redemption, as applicable, by payment of money to DTC or its authorized nominee. DTC will credit payments of principal of and interest on the Bonds to the Participants of DTC as listed on the records of DTC as of each April 1 and October 1 preceding each Interest Payment Date for the Bonds (the "Record Dates").

Principal Amortization

The Bonds will consist of one series of serial bonds maturing on April 15 in each year, commencing on April 15, 2018, as indicated in the maturity schedule set forth below. The Bonds are being sold based on the maturity schedule, as set forth below.

\$5,150,000 General Obligation Bonds, Series 2017

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2018	\$325,000	2024	\$430,000
2019	400,000	2025	450,000
2020	410,000	2026	450,000
2021	420,000	2027	470,000
2022	400,000	2028	485,000
2023	410,000	2029	500,000

Book-Entry Only

The Bonds will be issued in book-entry only form, and each certificate will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. The Bonds will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and will be payable as to both principal and interest in lawful money of the United States of America. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Participants or the transfers of the interests among its Participants. The Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. The Winning Bidder will not receive certificates representing its interests in the Bonds. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple thereof, except that any bonds in excess of the largest principal amount not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Payments of principal, interest and redemption premium, if any, will be made by the Township or a designated paying agent to DTC for subsequent disbursement to Participants to then be remitted to the Beneficial Owners of the Bonds. It shall be the obligation of the Winning Bidder to furnish to DTC an underwriter's questionnaire and the denominations of the Bonds not less than seventy-two (72) hours prior to the delivery of the Bonds.

Redemption Provisions

The Bonds of this issue maturing prior to April 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after April 15, 2026 are subject to redemption at the option of the Township, in whole or in part, on any date on or after April 15, 2025, upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered 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 (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

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 the Bonds after the date fixed for redemption.

Terms of PARITY

Each electronic proposal must be submitted via PARITY. No bidder will see any other bidder's bid, nor will any bidder see the status of its bid relative to other bids (e.g., whether its bid is a leading bid). To the extent any instructions or directions set forth on PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact the Township's Municipal Advisor, Anthony Inverso of Phoenix Advisors, LLC, at (609) 291-0130 OR ainverso@muniadvisors.com or PARITY at (212) 404-8102. The Township may, but is not obligated to, acknowledge its acceptance in writing of any bid submitted electronically via PARITY. When a bid for the Bonds is submitted via PARITY, the bidder further agrees that: the Township may regard the electronic transmission of the bid via PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, specified, the initial public offering price of each maturity of the Bonds and any other information included in such transmission) as the official "Proposal for Bonds" executed by a duly authorized signatory of the bidder. If the bid submitted electronically via PARITY is accepted by the Township, the terms of the bid and this Notice of Sale and the information that is electronically transmitted via PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the bidder.

The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via Thomson News Service ("TM3"), or by other available means, no later than 3:00 p.m., New Jersey Time, on the last business date prior to the bid date.

Once the bids are communicated electronically via PARITY to the Township, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all "Proposals for Bonds" electronically via PARITY, the time as maintained on PARITY shall constitute the official time.

Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor PARITY shall have any duty or obligation to provide or assure to any bidder, and neither the Township nor PARITY shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Township harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

The Township may, in its sole discretion and prior to the electronic receipt of proposals, clarify any term hereof, including, without limitation, its decision to discontinue use of electronic bidding via PARITY, by issuing a notification of the clarification via TM3, or any other available means, no later than 3:00 p.m. (prevailing New Jersey time) on the last business day prior to the Bid Date.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds:

- (1) **THE BONDS ARE BEING SOLD ON THE BASIS OF THE MATURITY SCHEDULE SET FORTH ABOVE. ALL BIDDERS SUBMITTING PROPOSALS MUST BID ON ALL OF THE BONDS.**
- (2) **BIDDERS MUST SUBMIT EITHER A GOOD FAITH CHECK OR WIRE (PLEASE CONTACT THE MUNICIPAL ADVISOR FOR WIRE INSTRUCTIONS) IN THE AMOUNT OF \$103,000 PAYABLE TO THE TOWNSHIP PRIOR TO THE TIME FOR SUBMISSION OF BIDS AT THE FOLLOWING ADDRESS:**

**Marie Stout
Chief Financial Officer
Township of Carneys Point
303 Harding Highway
Carneys Point, New Jersey 08069-2248**

BIDDERS SUBMITTING GOOD FAITH CHECKS SHOULD ALSO ENCLOSE A RETURN ENVELOPE FOR USE BY THE TOWNSHIP.

- (3) All Bids must be submitted via PARITY. **No telephone, telefax, telegraph or personal delivery Bids will be accepted.**
- (4) All Bids for the Bonds must be submitted on an AON basis.
- (5) Bidders may bid to purchase Bonds from the Township with a premium not to exceed \$154,500.00, representing a maximum bid price of \$5,304,500 (103%).
- (6) Bidders must specify a rate of interest for each maturity of the Bonds which rate of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%). Not more than one rate of interest may be named for the Bonds of the same maturity. There is no limitation on the number of rates of interest that may be named. The difference between the lowest and highest rates named in the proposal for the Bonds shall not exceed three percentum (3%). Each proposal submitted must state the purchase price, which must be not less than the par amount of the Bonds to be delivered plus any premium (which cannot exceed \$154,500 or 3% of the Bonds). The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest True Interest Cost. No proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest true interest cost to the Township under any legally acceptable proposal. The

purchaser must also pay an amount equal to the interest on the Bonds accrued to the date of payment of the purchase price.

- (7) Bidders are only permitted to submit Bids for the Bonds during the bidding period.
- (8) The Winning Bidder shall be obligated to furnish to the Township within forty-eight (48) hours prior to the date of delivery of the Bonds a certificate satisfactory to Bond Counsel to the Township to the effect that: (i) each maturity of the Bonds has been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price set forth in such certificate; (ii) ten percent (10%) or more in par amount of the Bonds of each maturity were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the initial public offering price for such maturity set forth in such certificate; and (iii) at the time the Winning Bidder submitted its bid to the Township, based upon then prevailing market conditions, the Winning Bidder had no reason to believe that any maturity of the Bonds would be sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a price greater than the initial public offering price for that maturity, or that the fair market of any maturity of the Bonds would be in excess of the initial public offering price for that maturity. Such certificate shall state that it is made to the best knowledge, information and belief of the Winning Bidder.
- (9) Additionally, the Winning Bidder shall be obligated to furnish to the Township within forty-eight (48) hours of the Bid Date (i) the public offering prices and reoffering yields for each maturity of the Bonds, and (ii) an arbitrage yield calculation for the Bonds.

Definitions

- “Bid” any confirmed purchase offer received by PARITY on or before the proposal submission deadline.
- “Bidder” any firm registered and approved for participation in sale.
- “True Interest Cost” computed by determining the interest rate, compounded semiannually, necessary to discount the debt service payments to the date of the Bonds and to the price bid, excluding accrued interest to the delivery date. The True Interest Cost serves as the basis for awarding bonds to Winning Bidders.
- “Winning Bid” any purchase offer made by a Bidder and received by PARITY that, at the end of the bidding time period, results in the lowest True Interest Cost (“TIC”) that is acceptable to the Township.

Bid Procedure and Basis of Award

Subject to the right reserved by the Township to reject any or all Bids, the Bonds will be sold to the Bidder whose Bid complies with the Notice of Sale and produces the lowest TIC for the Township based upon the maturity schedule set forth in the Notice of Sale.

Bids must remain valid until at least 3:00 p.m., prevailing time, on the date of the sale, and if accepted by the Township, prior to such time, shall be irrevocable except as otherwise provided in the Notice of Sale. Upon selection of the winning Bidder, the Township will execute an award certificate to award the Bonds and will promptly communicate with the winning Bidder by telephone, e-mail or fax.

Bid Security and Method of Payment for Bonds

A Good Faith Deposit (“Deposit”) in the form of a certified, treasurer’s or cashier’s check or wire in the amount of \$103,000 payable to the order of the Township, is required for each Bid to be considered. Wire instructions can be obtained by contacting Anthony Inverso of Phoenix Advisors, LLC, the Township’s Municipal Advisor at (609) 291-0130 or ainverso@muniadvisors.com, and such wire must be received and confirmed by the Township prior to the time for bids to be submitted. If a check is used, it must be a certified, treasurer’s or cashier’s check and must be provided to the Township no later than by 11:00 a.m. on the Bid Date. Each bidder accepts responsibility for delivering such check on time and the Township is not responsible for any check that is not received on time. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted bid, the Deposit will be retained by the Township. Award of the Bonds to the successful Bidder or rejection of all Bids is expected to be made within two hours after opening of the bids, but such successful Bidder may not withdraw its proposal until after 3:00 p.m. of the day of receipt of such Bids and then only if such award has not been made prior to the withdrawal. The balance of the purchase price shall be paid in Federal Funds by wire transfer to the Township at closing.

Right to Reject Bids; Waive Irregularities

The Township reserves the right to reject any and all Bids and to the extent permitted by law to waive any irregularity or informality in any Bid.

Information Required from the Winning Bidder

By making a bid for the Bonds, the winning bidder(s) agrees: (a) to provide to the Township, in writing, immediately upon being unofficially awarded the Bonds, a written confirmation of the bid, as appropriate, which shall include the purchase price, reoffering yield(s), and other related information necessary for completion of the final Official Statement or by Bond Counsel; (b) to disseminate to all members of the underwriting syndicate copies of the Official Statement; (c) to promptly file a copy of the final Official Statement with the Municipal Securities Rulemaking Board (the “MSRB”); and (d) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and MSRB rules governing the offering, sale and delivery of the Bonds to alternate purchasers.

Delivery of the Bonds

The Bonds will be delivered on or about April 17, 2017 (UNLESS A NOTICE OF A CHANGE IN THE DELIVERY DATE IS PUBLISHED ON PARITY NOT LATER THAN 2 HOURS PRIOR TO ANY ANNOUNCED DATE FOR RECEIPT OF BIDS) in New York City at DTC against payment of the purchase price therefor (less the amount of the good faith deposit). PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS.

There will also be furnished the usual closing papers, including (1) a certificate, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery of the Bonds, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Bonds, (2) certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds, the receipt of payment therefor and compliance with the requirements of the Code necessary to preserve tax exemption, (3) a certificate signed by the Township relating to the Official Statement, and (4) a Continuing Disclosure Certificate evidencing compliance with the Rule (as defined herein) and the undertaking of the Township with respect thereto.

CUSIP Identification Numbers

CUSIP Identification Numbers will be applied for with respect to the Bonds. **One CUSIP number will be applied to the amount maturing in each year.** Obtaining such CUSIP Identification Numbers and the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Winning Bidder of the Bonds. The Township will assume no obligation for the assignment or printing of such numbers on the Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Winning Bidder thereof to accept delivery of and make payment for the Bonds.

Legal Opinion

The approving opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Township, will be furnished without cost to the Winning Bidder, such opinion to be substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the Township, that all the taxable property therein will be subject to the levy of *ad valorem* taxes to pay the Bonds and the interest thereon without limitation as to rate or amount and that interest on the Bonds is not includable as gross income under current law if the Township complies with all conditions subsequent contained in the Code, except to the extent that interest on the Bonds held by a corporate taxpayer is included in the income computation for calculation of the corporate alternative minimum tax, and that interest on the Bonds and any gain on the sale thereof is not includable as gross income under the existing New Jersey Gross Income Tax Act.

Postponement

The Township reserves the right to postpone, upon not less than 24 hours notice, the date and time established for receipt of Bids. ANY SUCH POSTPONEMENT WILL BE PUBLISHED OR BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE. If any date fixed for the receipt of Bids and the sale of the Bonds is postponed, an alternative sale date will be announced via TM3, or any other available means, at least forty-eight (48) hours prior to such alternative sale date. On any such alternative sale date, any Bidder may submit a Bid for the purchase of the Bonds in conformity in all respects with the provisions of the Notice of Sale, except for the date of sale and except for the changes announced on www.govdebt.net at the time the sale date and time are announced.

Termination

The Winning Bidder at its option may refuse to accept the Bonds if prior to their delivery any change in any income tax law of the United States of America, shall provide that the interest thereon is includable or shall be includable in gross income at a future date for Federal income tax purposes. In such case, the deposit made by such Winning Bidder shall be returned and such bidder will be relieved of its contractual obligations arising from the acceptance of its Winning Bid.

Clarification of Notice of Sale Terms

The Township may, in its sole discretion and prior to the electronic receipt of proposals, clarify any term hereof, including, without limitation, its decision to discontinue use of electronic bidding via PARITY, by publishing the clarification via TM3, or any other available means, no later than 3:00 p.m. (prevailing New Jersey time) on the last business day prior to the Bid Date.

Successful Bidder ELEC Filing

The successful bidder is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c.271, s.3) if the successful bidder enters into agreements or contracts, such as its agreement to purchase the Bonds, with a public entity, such as the Township and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Township, in

a calendar year. It is the successful bidder's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Additional Information

For further information relating to the Bonds, reference is made to the POS prepared for and authorized by the Township. The Notice of Sale and the POS may be viewed at www.govdebt.net. Printed copies of the POS and the Notice of Sale may be obtained from the Municipal Advisor or Bond Counsel at the contact information set forth below. For additional information relating to the sale please contact PARITY at (212) 404-8102 or the Township's Municipal Advisor, Anthony Inverso of Phoenix Advisors, LLC, at (609) 291-0130 or ainverso@muniadvisors.com. Additional information relating to the financing of the Township can be obtained by contacting the undersigned Chief Financial Officer at (856) 299-0070; the Township's Municipal Advisor, Anthony Inverso of Phoenix Advisors, LLC., 4 West Park Street, Bordentown, New Jersey 08505, or by telephone at (609) 291-0130 or email at ainverso@muniadvisors.com; or the Township's Bond Counsel, John M. Cantalupo, Esq., Archer & Greiner P.C., Riverview Plaza, 10 Highway 35, Red Bank, New Jersey 07701, or by telephone at (732) 268-8009 or email at jcantalupo@archerlaw.com.

/s/ Marie Stout

Marie Stout

Administrator/Chief Municipal Finance Officer/Tax
Collector

Township of Carneys Point,
County of Salem,
State of New Jersey

Dated: March 28, 2017

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 29, 2017

NEW ISSUE - BOOK-ENTRY ONLY

RATING: S&P: "AA-"
(See "RATING" herein)

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under section 57 of the Code for purposes of calculating the Federal alternative minimum tax; however, such interest will be included in the adjusted current earnings of a corporation for purposes of the Federal alternative minimum tax imposed on corporations. Bond Counsel is also further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

\$5,150,000
TOWNSHIP OF CARNEYS POINT
County of Salem, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2017
(Bank Qualified) (Callable)

Dated: Date of Delivery

Due: April 15, as shown on the inside cover

The \$5,150,000 General Obligation Bonds, Series 2017 (the "Bonds"), are general obligations of the Township of Carneys Point, in the County of Salem, State of New Jersey (the "Township") and are secured by the full faith and credit of the Township for the payment of principal thereof and interest thereon. The Bonds, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the principal thereof and the interest thereon without limitation as to rate or amount.

The Bonds are being issued to (i) currently refund the Township's \$1,456,000 Bond Anticipation Notes dated May 17, 2016 maturing April 18, 2017; (ii) currently refund the Township's \$486,400 Bond Anticipation Notes dated April 19, 2016 maturing April 18, 2017; (iii) provide \$3,207,600 in new money to finance various capital improvements; and (iv) pay costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds will be issued in the form of one certificate for the aggregate principal amount thereof maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made to DTC or its nominee, Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the owners of beneficial interest in the Bonds. Principal of the Bonds is payable on April 15 in each of the years set forth on the inside front cover page hereof. Interest on the Bonds is payable on April 15 and October 15, commencing April 15, 2018, in each year until maturity. 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 Township, or its successor, will serve as the Registrar and Paying Agent for the Bonds (the "Registrar" or "Paying Agent").

The Bonds are subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS - Optional Redemption" herein.

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

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

The Bonds are offered when, as and if issued and subject to prior sale, withdrawal or modification of the offer without notice and to the approval of legality by the law firm of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Township. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or about April 17, 2017.

**ELECTRONIC PROPOSALS FOR THE BONDS VIA BIDCOMP/PARITY WILL BE RECEIVED UNTIL 11:00 A.M.
ON APRIL 4, 2017. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, REFER TO THE
NOTICE OF SALE POSTED ON WWW.GOVDEBT.NET.**

This is a Preliminary Official Statement "deemed final" by the Township within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, as amended and supplemented (the "Rule"), and is otherwise subject to change in accordance with applicable law. Upon the sale of the Bonds described herein, the Township will deliver a final Official Statement in compliance with the Rule. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

\$5,150,000
TOWNSHIP OF CARNEYS POINT
IN THE COUNTY OF SALEM, STATE OF NEW JERSEY

GENERAL OBLIGATION BONDS, SERIES 2017

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Year</u> <u>(April 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> <u>Numbers*</u>
2018	\$325,000			
2019	400,000			
2020	410,000			
2021	420,000			
2022	400,000			
2023	410,000			
2024	430,000			
2025	450,000			
2026	450,000			
2027	470,000			
2028	485,000			
2029	500,000			

*CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make any representations 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 specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF CARNEYS POINT
COUNTY OF SALEM, NEW JERSEY**

**Mayor and Township Committee
Dr. Joseph F. Racite, Mayor
Wayne Pelura, Deputy Mayor
Kenneth R. Dennis
Ken Brown
Marcus E. Dowe**

**Chief Municipal Financial Officer & Administrator
Marie Stout**

**Township Clerk/Registrar
June Proffitt**

**Treasurer
Linda Jones**

**Tax Collector
Marie Stout**

**Solicitor
David Avedissian, Esquire
Haddonfield, New Jersey**

**Auditor
Bowman & Company LLP
Voorhees and Woodbury, New Jersey**

**Bond Counsel
Archer & Greiner P.C.
Red Bank, New Jersey**

**Municipal Advisor
Phoenix Advisors, LLC
Bordentown, New Jersey**

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

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

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

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds are offered to the public by the Underwriter and the yields resulting therefrom may vary from the initial public offering prices or yields shown on the inside front cover page hereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices or yields to dealers and others.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

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

The offering of the Bonds is made only by means of this entire Official Statement.

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**OFFICIAL STATEMENT
of the
TOWNSHIP OF CARNEYS POINT
IN THE COUNTY OF SALEM, STATE OF NEW JERSEY**

**\$5,150,000 GENERAL OBLIGATION BONDS, SERIES 2017
(Bank Qualified) (Callable)**

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the Township of Carneys Point (the "Township"), in the County of Salem (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$5,150,000 General Obligation Bonds, Series 2017 (the "Bonds"). This Official Statement (the "Official Statement"), which includes the cover page, the inside front cover page and the Appendices attached hereto, has been authorized by the Mayor and Township Committee to be distributed in connection with the sale of the Bonds and has been executed by and on behalf of the Township by the Chief Financial Officer.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to the sale, issuance and delivery of the Bonds. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

DESCRIPTION OF THE BONDS

General Description of the Bonds

The Bonds shall be dated their date of delivery and will mature on April 15 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date of delivery and shall be payable on April 15 and October 15 in each year until maturity, commencing April 15, 2018, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the form of one certificate for each year of maturity of the Bonds in the aggregate principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 each or any integral multiple of \$1,000 in excess thereof, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., or any successor or assign, is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Township, or the Paying Agent (as defined herein) directly to Cede & Co. or any successor or assign, as nominee for DTC. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be credited to the participants of DTC as listed on the records of DTC as of the close of business on the first day of a month (the "Record Dates") containing an interest payment date. The Township,

or its successor, will serve as the Registrar and Paying Agent for the Bonds (the “Registrar” or “Paying Agent”).

Book-Entry Only System¹

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

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

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

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

¹ Source: The Depository Trust Company

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "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 are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

THE TOWNSHIP OR THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Discontinuation of Book-Entry Only System

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

Optional Redemption

The Bonds of this issue maturing prior to April 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after April 15, 2026 are redeemable at the option of the Township, in whole or in part, on any date on or after April 15, 2025 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered 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 (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

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 the Bonds after the date fixed for redemption.

AUTHORIZATION FOR THE BONDS

The Bonds are authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "Local Bond Law"). The Bonds are authorized by the bond ordinances adopted by the Township Committee referred to in the chart below and by a resolution adopted by the Township Committee on March 15, 2017 (the "Resolution").

PURPOSE OF THE BONDS

The Bonds are being issued to (i) currently refund the Township's \$1,456,000 Bond Anticipation Notes dated May 17, 2016 maturing April 18, 2017; (ii) currently refund the Township's \$486,400 Bond Anticipation Notes dated April 19, 2016 maturing April 18, 2017; (iii) provide \$3,207,600 in new money to finance various capital improvements; and (iv) pay costs and expenses incidental to the issuance and delivery of the Bonds.

Number of Bond Ordinance	Description of Improvement	Amount of Bonds
780	Certain Capital Improvements	\$121,000
872	Replacement of Municipal Building Roof	\$205,000
861	Repairs to Creek and Stormwater Pump Stations	\$370,000
905	Acquisition of Equipment and Capital Imp.	\$760,000
907	Acquisition of Capital Equipment	\$486,400
915	Certain Capital Improvements	\$771,781
923	Certain Capital Improvements	\$2,435,819
	TOTAL:	\$5,150,000

SECURITY AND SOURCE OF PAYMENT

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

The Township is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds, for the current year in each annual budget unless provision has been made for payment of its general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

The Bonds are not a debt or obligation, legal, moral or otherwise, of the State, or any county, municipality or any political subdivision thereof, other than the Township.

NO DEFAULT

The Township has never defaulted in the payment of principal of, redemption premium, if any, and interest on any bonds or notes or other obligations of the Township, nor are any payments of principal of or interest on the Township's indebtedness past due.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal 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 or sinking fund installments. A five percent (5%) cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized.

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. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director (as defined herein) within six (6) months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies and commissions.

The 2015 annual audit report is filed with the Township Clerk and is available for review during business hours. The compiled Annual Financial Statement for the year ended December 31, 2016 is on file with the Township Clerk and is available for review during business hours.

Debt Limits (N.J.S.A. 40A:2-6)

The authorized bonded indebtedness of a municipality in the State is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its equalized valuation basis. The equalized valuation basis of a municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Township's percentage of statutory net debt as of December 31, 2016 is shown in Appendix A.

Exceptions to Debt Limits - Extensions of Credit (N.J.S.A. 40A:2-7)

The debt limit of the Township may be exceeded with the approval of the Local Finance Board, a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the Township must 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 ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval may be granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain bonds for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

The Township may issue short term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes, which are general obligations of the Township, may be issued for a period not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of outstanding notes that may be renewed is decreased by the minimum amount required for the first year’s principal payment of bonds in anticipation of which such notes are issued.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the “Local Budget Law”) the Township is required to have a balanced budget in which debt service is included in full for each fiscal year.

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. The Township must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director of the Division (the “Director”) is required to review the adequacy of such appropriations, among others, for certification.

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. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Township revenues are real estate taxes, State aid, Federal aid and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

The provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Cash Required from Taxes to Support Local	
<u>Municipal Budget and Other Taxes</u>	Amount to be
Prior Year's Percentage of Current Tax Collection (or Lesser %)	= Raised by
	Taxation

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law was amended and became effective on July 7, 2004. The Cap Law provides that the Township shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Township may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Township for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, 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 two percent (2%), certain increases in health care costs in excess of two percent (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 two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (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.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Township, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, severance liabilities, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Budget Process

Primary responsibility for the Township's budget process lies with the Township Committee. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Township operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the

Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX INFORMATION ON THE TOWNSHIP

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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

For calendar year municipalities, tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, school district or county purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, school district or county purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, school district or county purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Township Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of Chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review. The County Board of Taxation and the Tax

Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

DEBT INFORMATION ON THE TOWNSHIP

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to the Division. The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Township must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

TAX MATTERS

Federal Income Tax Treatment of the Bonds

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest on the Bonds to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Township will represent in its tax certificate relating to the Bonds, that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Township ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Township with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals and corporations; such interest on the Bonds will, however, be included in the adjusted current earnings of a corporation for purposes of the Federal alternative minimum tax imposed on corporations.

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale thereof, is not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended.

Bank Qualification

The Bonds constitute “qualified tax-exempt obligations” as defined in and for the purpose of Section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion or inclusion, as applicable, from gross income of interest on the Bonds for Federal income tax purposes, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Bonds.

EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.

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

Proposals for Legislative Change

From time to time, there are Presidential proposals, proposals of various Federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the Federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing, if applicable to the particular series, the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. Such legislation could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing, if applicable to the particular series, the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

Prospective purchasers of the Bonds should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds.

LITIGATION

To the knowledge of the Township's Attorney, David Avedissian, Esq. (the "Township Attorney") and except as noted immediately below in this section, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes to pay the principal of or the interest on the Bonds, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers or to the knowledge or in the opinion of the Township Attorney that would have a material adverse impact on the financial condition of the Township if adversely decided. A Certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter at the closing.

The Township is presently litigating three (3) matters set forth below. There are no other cases pending in which the Township is a party. The Township is a Plaintiff in all the below cases, except for the counterclaims and ancillary countersuit filed in litigation number 1 set for below by the defendant in federal court. The three (3) litigation matters are as follows:

1. Carneys Point Township v. Chambers Cogeneration, LP. This matter concerns the legality of a Host Community Benefit Agreement between the Township and the Chambers Cogeneration coal burning energy facility located within the Township. The Chambers Cogeneration sells 70% of its energy to the Atlantic City Electric Co. and 30% to DuPont/Chemours, its landlord. The subject Host Community Benefit Agreement was negotiated between 1989-1991. Host Community Benefit Agreements, under New Jersey law, generally provide a municipality that hosts or is the site of an energy facility with a payment from the facility's owner. The present owner of the Chambers Cogeneration facility believes and has declared that the Host Community Benefit Agreement is not enforceable. As a consequence, the Township filed a lawsuit to enforce the Host Community Benefit Agreement. The Superior Court of New Jersey, Gloucester County, granted an emergent application to enforce the agreement in 2015 and the facility agreed and has made all required payments while litigation is pending. As of this date, the Township has secured an order for partial summary judgment in the matter and also has a pending second motion for summary judgment on behalf of the Township. The Township reasonably believes it will prevail in enforcing the agreement and the parties are in settlement discussions. Additionally, the Chambers Cogeneration facility has filed a Federal lawsuit alleging that the Host Community Benefit Agreement violates the facility's constitutional rights by taking an "illegal" payment. The Township moved to dismiss this lawsuit, in lieu of filing an answer, and that motion is currently pending. The Township also reasonably believes it will prevail in this motion. As

part of the litigation, the Chamber Cogeneration facility has also filed a lawsuit for a Township wide reassessment of property taxes. The Township believes a reassessment of real property will occur in the near future. Should the Township not prevail in the above lawsuits and lose the host community benefit payments, such a loss would be material to the financial position of the Township. However, the Township has been successful in the litigation to date, all required payments under the agreement have been made by the Chambers Cogeneration facility and the parties are in settlement discussions. The Township reasonably believes it will prevail in the above litigation and will maintain receiving the host community agreement payments from the Chambers Cogeneration facility; however, Township cannot guaranty the results of this or any pending litigation.

2. Carneys Point Township v. Chemours Co. and Chemours F.C. Chemours operates a waste water treatment facility within a parcel of DuPont property. Approximately two (2) years ago, Chemours took the position that it no longer had to pay an agreed upon 5% gross receipts tax to the Township, because it was no longer treating third parties' waste at the facility. However, Chemours continued to treat the waste generated by DuPont, the Chambers Cogeneration facility and Praxis Air, which are all tenants within that parcel of the DuPont property. Chemours disputed liability to pay the 5% gross receipts tax, because those businesses are located on the same site and are not third parties. The Township disagrees and filed a lawsuit seeking payment for the 5% gross receipts tax going back to 2010. The Chemours facility has counterclaimed and alleges it has over paid. Should the Township prevail in this litigation, it would receive additional revenues from the 5% gross receipts tax going back to 2010.

3. Carneys Point Township v. El DuPont Nemours et al. The DuPont plant in the Township has manufactured everything from gunpowder to Teflon for over 100 years. During that period, it is alleged that over 100 million pounds of toxic waste has been discharged at the site. The New Jersey Industrial Site Act ("ISRA") requires that prior to transferring ownership of such a property, either an environmental remediation or a posting of money to cover such a remediation must occur. In 2015, DuPont transferred ownership of the site to Chemours F.C., a spin off company. It did so without complying with the Act and posting money or remediating the site. The Township has sued DuPont for over 1 billion dollars in remediation and penalty monies for its failure to comply with ISRA. Should the Township prevail in this litigation, it would be successful in having DuPont or Chemours remediate or pay for the remediation of the site.

Additionally, several tax appeals are on file against the Township, some of which involve taxpayers who are among the largest taxpayers in the Township. (See "Appendix A – Ten Largest Real Property Taxpayers"). Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material to Township and it would have to pay such refunds off, with State approval, over a series of years.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Archer & Greiner P.C., Red Bank, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix C hereto. Certain legal matters will be passed on for the Township by its Township Attorney.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a

voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed; and provides that the plan must be accepted 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 at least one (1) impaired class. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

The Township has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

CONTINUING DISCLOSURE

The Township has covenanted for the benefit of bondholders to provide certain financial information and operating data on the Township and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix D hereto, such Certificate to be delivered concurrently with the delivery of the Bonds. This covenant is being made by the Township to assist the purchaser of the Bonds in complying with the Rule.

The Township previously entered into a continuing disclosure undertaking to provide notice of disclosure events to the Municipal Securities Rulemaking Board (the "MSRB") and to provide certain annual financial information upon request. As of the date of this Official Statement, the audited financial statements and adopted budgets of the Township for each of the past five (5) years have been filed on the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in September of 2014 to act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds (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.

UNDERWRITING

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

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA-/Stable" to the Bonds.

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

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

PREPARATION OF OFFICIAL STATEMENT

The firm of Bowman & Company LLP, Certified Public Accountants, Voorhees and Woodbury, New Jersey (the "Auditor") assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

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

The Municipal Advisor has not participated in the preparation of this Official Statement, and has not independently verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

Archer & Greiner P.C., has not participated in the preparation of the financial or statistical information in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to Marie Stout, Chief Financial Officer, Township of Carneys Point, 303 Harding Highway, Carneys Point, New Jersey 08069, (856) 299-0070 or the Township's Municipal Advisor, Anthony P. Inverso, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey 08505, or by telephone at (609) 291-0130.

FINANCIAL STATEMENTS

The Financial Statements of the Township as of December 31, 2016, and for the year then ended, included in Appendix B to this Official Statement, have been compiled by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, independent certified public accountants, as stated in their compilation report appearing in Appendix B to this Official Statement. The Financial Statements of the Township as of December 31, 2015, 2014, 2013 and 2012 and for the years then ended, included in Appendix B to this Official Statement, have been audited by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, independent certified public accountants, as stated in their auditor's report appearing in Appendix B to this Official Statement.

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. 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 herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Township since the date thereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**TOWNSHIP OF CARNEYS POINT,
IN THE COUNTY OF SALEM,
STATE OF NEW JERSEY**

Marie Stout, Chief Financial Officer

Dated: April __, 2017

APPENDIX A

**CERTAIN GENERAL INFORMATION CONCERNING
THE TOWNSHIP OF CARNEYS POINT,
IN THE COUNTY OF SALEM, STATE OF NEW JERSEY**

GENERAL INFORMATION ON THE TOWNSHIP(1)

History

The Township of Carneys Point (the "Township") was established in 1721 as Upper Penns Neck. In December of 1976, by public referendum, Upper Penns Neck became Carneys Point and has continued to be governed by a Township Committee.

Governmental Structure

The Township Committee is the Legislative Body. There are five members elected at large for staggered three-year terms at the general election. The Committee members serve part-time for a nominal salary. The Mayor is the Chief Executive of the Township who is chosen for a one year term at the reorganization meeting by the Majority Committee.

Geographical Location and Size

The Township, formerly the Township of Upper Penns Neck, is located in the southwestern corner of Salem County. Its proximity is also the southwestern corner of New Jersey. The Township is bordered by the City of Wilmington, Delaware across the Delaware River to the west, the Township of Oldmans to the north, the Township of Pilesgrove to the east and the Townships of Pennsville and Mannington to the south. The Township is approximately 17.8 square miles with a population of 8,049.

Transportation

The Township's highway system is comprised of a combination of State, County and Township-maintained roads, serving the community. New Jersey Transit Corporation and Salem County Transit bus service are the primary mass transit providers for the Community. The Township also has a railroad system.

Utilities

The Township is served by the following utilities:

Potable Water = NJ American Water; Natural Gas = South Jersey Gas Company; Sanitary Sewer System = Carneys Point Township Sewerage Authority; Cable TV = Comcast and Verizon; Electricity = Atlantic City Electric.

Public Safety (Police Department, Fire Services, Ambulance Services)

The Township maintains its own Police, Fire and Rescue Departments. The State Police and the Coast Guard of the State of New Jersey also assist the Township with its Public Safety efforts.

Free Public Library

Salem Community College Library serve the community.

Growth and Development

The economic plan of the Township considers all aspects of economic development to be vital. This includes a comparison of the types of employment expected to be provided by such economic development to be promoted with the characteristics of the labor pool resident in the Township. This has given The Township the opportunity to offer several large companies economic success.

(1) Source: The Township, unless otherwise noted

The Township Committee has created the Carneys Point Township Industrial Commission (the "Commission"). The Commission has seven volunteers. The Commission's annual budget is approximately \$55,000. The Commission is responsible for the economic development of the Township. With the expansion of water and sewer to an additional 20% of the land in the Township, the Commission is poised to begin promoting approximately 2,000 additional acres of land for commercial and industrial development in the Township. This land is bordered by the New Jersey Turnpike and U.S. Highway Route 295—the two major transportation routes that connect the Northeast corridor.

Business and Industry

In 2004, McLane Grocery Distribution opened a distribution center in the Township which employs approximately 350 employees. It provides distribution services to multiple industries throughout the United States – delivering food and non-food products to the convenience store, drug store, mass merchandise, wholesale club, and movie theater industries. In 1999, Connective opened a 120,000 square foot office complex in the Township and employs approximately 525 persons. This is the regional headquarters and customer care center.

Within the Township are several large industries which provide ratables and jobs to the Township such as the Holiday Inn Express, a Sleep-Inn and Flying J Plaza.

Township Employees

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Permanent	48	49	46	50	47
Part-time	<u>29</u>	<u>31</u>	<u>28</u>	<u>25</u>	<u>20</u>
Total	<u>77</u>	<u>80</u>	<u>74</u>	<u>75</u>	<u>67</u>

Employee Collective Bargaining Units

The Township currently has 2 employee collective bargaining units. The following is a schedule of the employee bargaining units, number of employees represented and dates of contract expiration:

<u>Bargaining Unit</u>	<u>Employee Represented</u>	<u>Contract Expiration Date</u>
Teamsters Local Union No. 676	12	December 31, 2019
Old Oak Lodge #6 Fraternal Order of Police	19	December 31, 2019

Compensated Absences

Township employees are entitled to paid vacation depending upon their length of service with the Township. Vacation days not used during the year may be accumulated and carried forward to the next succeeding year upon approval by the Township Committee. Vacation days carried forward must be used in the next succeeding year or be forfeited. Full-time employees are entitled to 96 hours of paid sick leave each year. Unused sick leave may be accumulated and carried forward to the subsequent year. For additional information regarding compensated absences, see Appendix B: Financial Statements of the Township, Note 8.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State. For additional information regarding pension plans, see Appendix B: Financial Statements of the Township, Note 7.

Population (1)

2010 Federal Census	8,049
2000 Federal Census	7,684
1990 Federal Census	8,443
1980 Federal Census	8,396
1970 Federal Census	7,016

Selected Census 2014 Data for the Township(1)

Median household income	\$53,474
Median family income	\$66,151
Per capita income	\$26,092

Labor Force(2)

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

<u>Year</u>	<u>Labor Force</u>	<u>Employed Persons</u>	<u>Unemployed Persons</u>	<u>Unemployment Rate</u>
Township				
2015	3,733	3,454	279	7.5%
2014	3,700	3,374	326	8.8
2013	3,755	3,337	418	11.1
2012	3,808	3,330	478	12.6
2011	4,032	3,483	549	13.6
County				
2015	31,445	29,223	2,222	7.1%
2014	31,188	28,542	2,646	8.5
2013	31,614	28,328	3,286	10.4
2012	32,126	28,333	3,793	11.8
2011	32,376	28,604	3,772	11.7
State				
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7
2013	4,528,500	4,157,600	370,800	8.2
2012	4,585,300	4,158,600	426,800	9.3
2011	4,565,300	4,138,500	426,800	9.3

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

(2) Source: New Jersey Department of Labor

Building Permits(1)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2017(2)	50	\$472,498
2016	398	7,064,729
2015	473	11,764,491
2014	495	4,945,525
2013	431	18,113,451
2012	261	7,368,022

LARGEST SALEM COUNTY PRIVATE SECTOR EMPLOYERS (3)

<u>Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
PSE&G	Public Utility, Nuclear Power Generating Plant	1,500
Mannington Mills, Inc.	Floor Coverings	800
Memorial Hospital of Salem County	Acute Care Facility	500
R.E. Pierson Construction	Construction	500
Inspira Hospital – Elmer	Acute Care Facility	489
Atlantic City Electric	Public Utility	400
McLane NJ	Grocery Distribution	400

GENERAL INFORMATION ON THE SCHOOL DISTRICT (4)**Type**

The Penns Grove-Carneys Point Regional School District (the “School District”) is comprised of: (i) three regional elementary school providing a full-range of educational services appropriate to grade levels kindergarten through five, (ii) one regional middle school providing a full-range of educational services appropriate to grade levels six through eight, and (iii) one regional high school providing a full-range of educational services appropriate to grade levels nine through twelve.

The School District is a Type II limited purpose regional school district that serves the Borough of Penns Grove (the “Borough”) and the Township (collectively, the “Constituent Municipalities”). The School District was formed pursuant to Chapter 13 of Title 18A of New Jersey Statutes, which authorizes two or more municipalities to create a regional school district upon the approval of the voters of each of said municipalities.

The School District is geographically coterminous with Penns Grove and the Township, which are located in Salem County in the southwestern part of the State, approximately 10 miles from Wilmington and 30 miles from Philadelphia.

(1) Source: Construction Office

(2) As of February 15

(3) Source: County Economic Development Office

(4) Source: School District officials

The Board of Education (the "Board") is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District and the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board is composed of nine members elected by the legally qualified voters in the School District to terms of three years on a staggered basis. The President and Vice President are chosen for one year terms from among the members of the Board.

The Board appoints a Superintendent and Board Secretary/Business Administrator who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Board Secretary/Business Administrator is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

Pupil Enrollments(1)

Pupil Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2015-2016	2,238
2014-2015	2,238
2013-2014	2,322
2012-2013	2,225
2011-2012	2,260

Present School Facilities, Enrollment and Capacity(1)

<u>Facility</u>	<u>Date Constructed</u>	<u>Grades</u>	<u>Enrollment 10/15/2016</u>	<u>Functional Capacity</u>
Lafayette-Pershing School	1991	Pre-K-K	350	400
Field Street School	1955	1-3	547	489
Paul W. Carleton School	1951	4-5	312	369
Penns Grove Middle School	1935	6-8	485	541
Penns Grove High School	1971	9-12	<u>544</u>	<u>990</u>
Totals			<u>2,238</u>	<u>2,789</u>

(1) Source: School District officials.

HIGHER EDUCATION FACILITIES

The Salem County Vocational Technical School ("SCVTS") operates a special purpose district in which a wide range of educational programs and services are provided to county residents. The educational programs offered by the SCVTS focus on secondary full time and share time careers, technical education programs, and Career Academy programs offered in partnership with five school districts in the County. SCVTS also operates the New Jersey Regional Day School for the New Jersey Department of Education. The program serves disabled students from Cumberland, Gloucester, and Salem Counties. Additionally, SCVTS provides programs for post-secondary students and a wide array of community and continuing education programs, all of which are available for one purpose; to serve the community's interests.

Salem Community College ("SCC") is a two-year, public, comprehensive institution of higher education authorized to grant associate degrees in the arts, fine arts, science and applied science, and certificates. The College offers more than 40 programs of study in liberal arts, social science, business, nursing, allied health and technology. SCC features the nation's only associate degree program in scientific glass technology and offers a unique fine arts degree program in glass art. Thanks to a federal grant, the College now offers associate in applied science degree programs in nuclear and sustainable energy technology. Fall semester enrollment exceeded 1,500 students. SCC also enrolls students in noncredit courses and customized training programs.

CERTAIN TAX INFORMATION TEN LARGEST REAL PROPERTY TAXPAYERS(1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2017 Assessed Valuation</u>	<u>% of Total Average</u>
The Chemours c/o Chambers Cogeneration Ltd. *	Cogeneration Facility	\$ 52,000,000	7.79%
The Chemours Co. FC LLC	Chemical Manufacturing	28,729,800	4.30
McLane New Jersey, Inc.	Food Service Supply	20,965,600	3.14
PHI Service Co c/o Conective Real Est	Business Park	19,028,600	2.85
Delaware River & Bay Authority	Business Park	12,778,100	1.91
RBA Assoc LLC c/o Switzenbaum	Apartment Building	9,100,000	1.36
Sandy Ridge Apartments LLC	Apartment Building	8,108,200	1.21
Southgate Realty LLC	Nursing Home	7,126,000	1.07
CFJ Properties c/o Pilot Travel	Truck Facility/Plaza	6,500,000	0.97
The Landing at Carneys Point, LLC	Moors Landing Apartments	<u>5,253,900</u>	<u>0.79</u>
Total		<u>\$169,590,200</u>	<u>25.40%</u>

CURRENT TAX COLLECTIONS (2)

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding December 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2016 (3) \$	19,851,555	\$18,871,198	95.06%	\$ 564,110	2.84%
2015	19,759,620	18,829,346	95.29%	560,910	2.84%
2014	18,681,240	17,952,282	96.10%	459,139	2.46%
2013	18,292,072	17,534,856	95.86%	589,976	3.23%
2012	17,640,574	16,810,735	95.30%	697,872	3.96%

(1) Source: Assessor's Office.

(2) Source: Annual Reports of Audit, unless otherwise noted.

(3) Compiled Annual Financial Statement

* Under Appeal (See "Litigation" herein)

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding</u>		<u>Collected</u>		<u>Transferred to Liens</u>	<u>Other Credits</u>	<u>Outstanding December 31</u>
	<u>January 1</u>	<u>Added</u>	<u>Amount</u>	<u>Percentage</u>			
2016 (3)	\$ 564,284	\$ -	\$ 550,836	97.62%	\$ 11,992	\$ (2,822)	\$ 4,279
2015	459,175	-	441,501	96.15%	17,672	(3,372)	3,374
2014	593,323	-	526,341	88.71%	61,017	5,928	37
2013	718,266	-	684,294	95.27%	30,423	202	3,346
2012	557,946	-	520,398	93.27%	17,154	-	20,394

TAX TITLE LIENS (1)

<u>Year</u>	<u>Balance January 1</u>	<u>Added by</u>		<u>Cancelled/ Other</u>	<u>Balance December 31</u>
		<u>Sales and Transfers</u>	<u>Collected</u>		
2016 (3)	\$ 1,048,922	\$ 174,897	\$ 38,601	-	\$ 1,185,218
2015	1,140,041	264,832	355,950	-	1,048,922
2014	860,162	291,845	11,967	-	1,140,041
2013	741,632	183,778	65,247	-	860,162
2012	675,634	132,661	66,663	-	741,632

**FORECLOSED PROPERTY (1)(2)
(ACQUIRED BY TAXES AND BY DEED)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Adjustment</u>	
		<u>to Assessed Valuation</u>	<u>Balance Dec. 31</u>
2016 (3)	\$ -	\$ -	\$ -
2015	-	-	-
2014	-	-	-
2013	-	-	-
2012	-	-	-

(1) Source: Annual Reports of Audit, unless otherwise noted.

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

(3) Compiled Annual Financial Statement

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate (2)</u>			
		<u>Total Rate</u>	<u>Municipal</u>	<u>County</u>	<u>Regional School</u>
2017	\$ 667,761,420	---	---	---	---
2016	698,621,900	\$ 2.829	\$ 0.485	\$ 0.933	\$ 1.411
2015	731,705,372	2.697	0.436	0.961	1.300
2014	728,341,231	2.553	0.413	0.907	1.233
2013	728,265,196	2.506	0.393	0.936	1.177
2012	724,574,673	2.423	0.379	0.917	1.127

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(5)</u>
2017	\$ 666,997,300	122.61% (4)	\$ 543,999,103	\$ 67,586
2016	697,821,600	116.54%	598,782,907	74,392
2015	730,896,000	105.33%	693,910,567	86,211
2014	727,545,200	108.11%	672,967,533	83,609
2013	727,203,800	104.68%	694,692,205	86,308

REAL PROPERTY CLASSIFICATION(6)

<u>Year</u>	<u>Assessed Value of Land and</u>						
	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farm</u>
2017	\$ 666,997,300	\$ 20,609,500	\$ 385,625,700	\$118,757,000	\$103,067,600	\$ 24,154,300	\$14,783,200
2016	697,821,600	21,466,200	410,069,400	120,308,900	105,033,200	26,206,500	14,737,400
2015	730,896,000	26,041,800	433,158,000	125,204,100	105,509,500	26,206,500	14,776,100
2014	727,545,200	26,564,300	431,614,600	125,265,800	102,986,600	26,206,500	14,907,400
2013	727,203,800	26,961,600	431,427,600	124,840,100	102,986,600	26,206,500	14,781,400

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation.

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

(4) Preliminary Percentage

(5) Based on Census 2010 of 8,049

(6) Source: Township Assessor

**TOWNSHIP OF CARNEYS POINT
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2016**

The following table summarizes the direct debt of the Township of Carneys Point as of December 31, 2016 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General and debt of the Regional School District. Deductions from gross debt to arrive at net debt include school debt. The resulting net debt of \$3,788,438 represents 0.602% of the average of equalized valuations for the Township for the last three years, which is within the 3.5 % limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued				Deductions		
	<u>Bonds</u>	<u>Loans</u>	<u>Notes</u>	<u>Authorized But Not Issued</u>	<u>Gross Debt</u>	<u>School Debt</u>	<u>Net Debt</u>
General	\$625,000	\$314,179	\$1,942,400	\$906,859	\$3,788,438		\$3,788,438
Regional School Debt	7,359,006				7,359,006	\$7,359,006	
	<u>\$7,984,006</u>	<u>\$314,179</u>	<u>\$1,942,400</u>	<u>\$906,859</u>	<u>\$11,147,444</u>	<u>\$7,359,006</u>	<u>\$3,788,438</u>

Source: Annual Debt Statement
As of: December 31, 2016

DEBT RATIOS AND VALUATIONS (1)(2)

Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	\$ 629,010,585
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2014, 2015 and 2016	0.602%
2016 Net Valuation Taxable	\$ 698,621,900
2016 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$ 569,939,522
Gross Debt (3):	
As a percentage of 2016 Net Valuation Taxable	1.60%
As a percentage of 2016 Equalized Valuations	1.96%
Net Debt (3):	
As a percentage of 2016 Net Valuation Taxable	0.54%
As a percentage of 2016 Equalized Valuations	0.66%
Gross Debt Per Capita (4)	\$ 1,385
Net Debt Per Capita (4)	471

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements	\$ 22,015,370
Net Debt	<u>3,788,438</u>
Remaining Borrowing Capacity	<u>\$ 18,226,932</u>

SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

4% of Averaged (2014-16) Equalized Valuation of Real Property including Improvements	\$ 25,160,423
Regional School Debt	<u>7,359,006</u>
Remaining Borrowing Capacity	<u>\$ 17,801,417</u>

-
- (1) As of December 31, 2016
 - (2) Source: Annual Debt Statement
 - (3) Excluding overlapping debt
 - (4) Based on 2010 Federal Census of 8,049

**TOWNSHIP OF CARNEYS POINT
OVERLAPPING DEBT
AS OF DECEMBER 31, 2016**

	DEBT ISSUED				Debt Auth. but not Issued
	<u>Debt Outstanding</u>	<u>Deductions</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Issuer</u>	
County of Salem:					
General	\$ 46,177,722	\$ 6,643,722 (1)	\$ 39,534,000	\$4,763,847 (3)	\$ 364
Salem County Improvement Authority	6,640,000	6,640,000 (2)	-		
	\$ 52,817,722	\$ 13,283,722	\$ 39,534,000	\$4,763,847	\$ 364

-
- (1) Deductible from Reserve for the Payment of Debt and County College Bonds
 - (2) Deductible in accordance with N.J.S. 40:37A-80
 - (3) Such debt is allocated as a proportion of the Issuer's share of the total 2016 Net Valuation on which County taxes are apportioned, which is 12.05%.

**TOWNSHIP OF CARNEY'S POINT
SCHEDULE OF DEBT SERVICE
(BONDED DEBT ONLY)**

Year	Existing Debt (1)				2017 GO Bonds		Grand Total
	General-Bonds		Loans		General		
	Principal	Interest	Principal	Interest	Principal	Interest	
2017	\$ 625,000	\$ 31,250	\$ 37,046	\$ 4,009			
2018			37,444	3,611	\$ 325,000		
2019			37,862	3,193	400,000		
2020			38,302	2,753	410,000		
2021			38,766	2,289	420,000		
2022			39,249	1,805	400,000		
2023			39,759	1,295	410,000		
2024			33,337	762	430,000		
2025			9,373	415	450,000		
2026			3,042	119	450,000		
2027					470,000		
2028					485,000		
2029					500,000		
	<u>\$ 625,000</u>	<u>\$ 31,250</u>	<u>\$ 314,179</u>	<u>\$ 20,252</u>	<u>\$ 5,150,000</u>	<u>\$ -</u>	<u>\$ -</u>

(1) As of December 31, 2016
Source: Annual Reports of Audit

**TOWNSHIP OF CARNEYS POINT
2016 MUNICIPAL BUDGET**

CURRENT FUND

Anticipated Revenues:		
Fund Balance	\$	835,000.00
Miscellaneous Revenues:		
Local Revenues		3,086,386.93
State Aid Without Offsetting Appropriations		807,374.00
Dedicated Uniform Construction Code Fees		
Offset With Appropriations		152,000.00
Special Items of Revenue with Consent of DLGS:		
Shared Service Agreements		615,109.00
Public and Private Revenues		66,824.82
Other Special Items		132,310.00
Receipts From Delinquent Taxes		560,000.00
Amount to be Raised by Taxation for Municipal Purposes:		
Local Tax for Municipal Purposes		3,391,571.21
Total Anticipated Revenues	\$	9,646,575.96
Appropriations:		
Within CAPS:		
Operations	\$	6,326,778.00
Deferred Charges and Statutory Expenditures		650,931.00
Excluded from CAPS:		
Other Operations		163,235.00
Shared Service Agreements		656,109.00
Public and Private Programs		68,544.32
Capital Improvements		115,000.00
Debt Service		736,350.00
Deferred Charges		70,000.00
Reserve for Uncollected Taxes		859,628.64
Total Appropriations	\$	9,646,575.96

**CAPITAL PROGRAM
PROJECTS SCHEDULED FOR THE YEARS 2016 - 2018**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Bonds and Notes General</u>
Acquisition of Fire Truck	\$ 625,000.00	\$ 31,250.00	\$ 593,750.00
Acquisition of Ambulance Stair Chairs	6,000.00	6,000.00	
Acquisition of 2016 Ford Explorer	32,000.00	1,600.00	30,400.00
Acquisition of Stalker Radar Units	9,000.00	9,000.00	
Purchase of NATO 5.56 Assault Rifles	5,500.00	5,500.00	
2016 Road Program	185,000.00	9,250.00	175,750.00
Acquisition of Trash Truck	180,000.00	180,000.00	
 Total - All Projects	 \$ 1,042,500.00	 \$ 242,600.00	 \$ 799,900.00

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS
OF THE TOWNSHIP OF CARNEYS POINT
IN THE COUNTY OF SALEM NEW JERSEY**



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Carneys Point
Carneys Point, New Jersey 08069

Management is responsible for the accompanying financial statements of the Township of Carneys Point, in the County of Salem, State of New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2016 and the related statement of operations and changes in fund balances--regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

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

/s/ Fred S. Caltabiano
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
February 7, 2017

TOWNSHIP OF CARNEYS POINT
CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016

ASSETS:

Regular Fund:	
Cash	\$ 2,062,019.84
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes Receivable	568,388.43
Tax Title Liens Receivable	1,185,218.29
Revenue Accounts Receivable	9,453.55
Solid Waste Fee Liens	1,426.70
Due from Trust--Other Funds	274.04
	1,764,761.01
Deferred Charges:	
Emergency Authorization	225,000.00
Total Regular Fund	4,051,780.85
Federal and State Grant Fund:	
Cash	173,432.93
Grants Receivable	33,986.03
Total Federal and State Grant Fund	207,418.96
	\$ 4,259,199.81

LIABILITIES, RESERVES, AND FUND BALANCE:

Regular Fund:	
Appropriation Reserves	\$ 592,388.55
Reserve for Encumbrances	60,403.10
Tax Overpayments	102,935.12
Prepaid Taxes	148,884.39
County Taxes Payable	26,816.45
Due to Trust--Municipal Open Space	7,074.27
Due State of New Jersey:	
Senior Citizens and Veterans Deductions	22,958.30
DCA Training Fees	4,606.00
Reserve for:	
Property Registration Fee	1,000.00
Fire Fighting Equipment and Training	1,200.00
	968,266.18
Reserves for Receivables and Other Assets	1,764,761.01
Fund Balance	1,318,753.66
Total Regular Fund	4,051,780.85
Federal and State Grant Fund:	
Reserve for Encumbrances	9,533.43
Reserve for Grants - Appropriated	192,885.53
Reserve for Grants - Unappropriated	5,000.00
Total Federal and State Grant Fund	207,418.96
	\$ 4,259,199.81

See Independent Accountant's Compilation Report.

TOWNSHIP OF CARNEYS POINT
CURRENT FUND
Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2016

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Utilized	\$ 835,000.00
Miscellaneous Revenues Anticipated	5,053,199.57
Receipts from Delinquent Taxes and Tax Title Liens	589,437.57
Receipts from Current Taxes	18,871,198.24
Non-Budget Revenue	95,212.94
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	282,759.79
Reserve for Matching Funds	20,000.00
	20,000.00
Total Income	25,746,808.11

EXPENDITURES:

Budget Appropriations:	
Within "CAPS":	
Operations:	
Salaries and Wages	3,031,174.00
Other Expenses	3,544,104.00
Deferred Charges and Statutory Expenditures	627,426.50
Excluded from "CAPS":	
Operations:	
Salaries and Wages	240,626.00
Other Expenses	647,262.32
Capital Improvements	115,000.00
Debt Service	736,088.13
Deferred Charges	70,000.00
County Taxes	6,535,407.21
Regional School Tax	9,855,916.00
Municipal Open Space Tax	7,013.68
Other Debits to Income:	
Prior Year Senior Citizen/Veteran Deductions Disallowed	3,000.00
Creation of Interfunds	130.38
	130.38
Total Expenditures	25,413,148.22

Excess Revenue and Other Income Realized Over Expenditures	333,659.89
--	------------

Adjustments to Income Before Fund Balance:	
Expenditures Included Above Which are by Statute Deferred	
Charges to Budget of Succeeding Year	225,000.00
	225,000.00

Statutory Excess to Fund Balance	558,659.89
----------------------------------	------------

FUND BALANCE:

Balance January 1	1,595,093.77
	2,153,753.66
Decreased by:	
Utilized as Revenue	835,000.00
	835,000.00
Balance December 31	\$ 1,318,753.66

See Independent Accountant's Compilation Report.

TOWNSHIP OF CARNEYS POINT
TRUST FUNDS
Statement of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2016

ASSETS:

Other Funds:		
Cash	\$	947,585.42
Municipal Open Space Fund:		
Cash		301,636.40
Due from Current Fund		7,074.27
		308,710.67
Total Trust Funds	\$	1,256,296.09

LIABILITIES AND RESERVES:

Trust Other Funds:		
Due to Current Fund	\$	274.04
Reserve for:		
Developers Escrow		119,787.90
Abandoned Property Registration		50,805.28
Accumulated Absences		10,073.74
Payroll Deductions Payable		10,885.99
Street Opening Deposits Escrow		51,951.62
Recreation		61,032.91
Unemployment		50,347.40
Public Defender		2,461.72
Municipal Alliance		2,102.24
Police Outside Employment		47,884.16
Forfeiture Trust		1,302.96
House Revitalization Loan Account		20,170.09
COAH		87,684.31
Tax Title Liens Redemption		9,611.82
Tax Title Liens Premiums		374,600.00
Confiscated Funds		7,314.48
Snow Removal		21,050.17
Fire/Rescue		3,467.33
Recreation Facility Improvement		14,202.59
POAA		574.67
		947,585.42
Municipal Open Space Fund:		
Reserve for Future Use		308,710.67
		308,710.67
Total Trust Funds	\$	1,256,296.09

See Independent Accountant's Compilation Report.

TOWNSHIP OF CARNEYS POINT
GENERAL CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2016

ASSETS:

Cash	\$ 1,360,070.96
Grants Receivable	153,000.00
Deferred Charges to Future Taxation:	
Funded	939,179.24
Unfunded	2,849,259.02
	<u>\$ 5,301,509.22</u>

LIABILITIES, RESERVES,
AND FUND BALANCE:

Bonds Payable	\$ 625,000.00
Green Acres Trust Loan Payable	96,446.05
Bond Anticipation Note Payable	1,942,400.00
NJEIT Loan Payable	217,733.19
Improvement Authorizations:	
Funded	823.72
Unfunded	1,178,747.85
Encumbrances Payable	1,039,437.16
Reserves for:	
Improvements to Recreation Sites	61,374.60
Capital Improvement Fund	21,035.39
Fund Balance	118,511.26
	<u>\$ 5,301,509.22</u>

See Independent Accountant's Compilation Report.

TOWNSHIP OF CARNEYS POINT
Selected Information – Substantially All Disclosure Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Carneys Point (hereafter referred to as the “Township”) was originally incorporated as Upper Penns Neck Township on February 21, 1798. The voters approved a referendum on November 8, 1976 and on November 10, 1976 the Township Committee changed the name. The Township is located in Salem County, New Jersey approximately twenty-three miles southeast of the City of Philadelphia. The population according to the 2010 census is 8,049.

There are five Committee Members each elected to three-year terms on a staggered basis, with one or two seats coming up for election each year. Annually the Committee elects one of themselves to serve as Mayor. Executive and administrative responsibilities rest with the Mayor, who is assisted by the Township Administrator.

Component Units - The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Carneys Point Township Sewerage Authority
303 Harding Highway
Carneys Point, New Jersey 08069

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

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

Industrial Commission – Provides assistance to new businesses and helps existing business expand. The seven-member board is appointed by the mayor under authority of New Jersey State law and Township ordinance.

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments has not been recorded.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments (Cont'd)**

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

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

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

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

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

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

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants 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 revenue when received.

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

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Penns Grove-Carneys Point Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the regional school district for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

FOR THE YEARS ENDED 2015, 2014, 2013 AND 2012
AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Carneys Point
Carneys Point, New Jersey 08069

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Carneys Point, in the County of Salem, State of New Jersey, as of December 31, 2015, 2014, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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

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

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

In our opinion, because of the significance of the matter discussed in the "*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Carneys Point, in the County of Salem, State of New Jersey, as of December 31, 2015, 2014, 2013 and 2012, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Carneys Point, in the County of Salem, State of New Jersey, as of December 31, 2015, 2014, 2013 and 2012, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2015, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of these Statements only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,

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

/s/ Michael J. Welding
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
November 7, 2016

TOWNSHIP OF CARNEYS POINT
CURRENT FUND

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

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
ASSETS:				
Regular Fund:				
Cash - Chief Financial Officer/Treasurer	\$ 2,319,230.04	\$ 1,923,852.97	\$ 2,137,334.68	\$ 2,012,484.95
Cash - Tax Collector	3,368.66	439,470.31	399,834.75	480,244.04
Cash - Registrar			346.88	449.44
Cash - Change Funds	775.00	675.00	675.00	675.00
	<u>2,323,373.70</u>	<u>2,363,998.28</u>	<u>2,538,191.31</u>	<u>2,493,853.43</u>
Receivables and Other Assets with Full Reserves:				
Delinquent Property Taxes Receivable	564,284.43	459,175.31	593,322.78	718,265.71
Tax Title Liens Receivable	1,048,922.44	1,140,040.61	860,162.44	741,631.51
Other Accounts Receivable				846.51
Revenue Accounts Receivable	9,453.55	11,228.03	9,529.88	10,646.01
Solid Waste Fees Receivable			170.00	97,873.18
Solid Waste Fee Liens	1,426.70	1,661.70	1,811.70	1,293.90
Interfunds Receivable	143.66		60.46	3,113.59
	<u>1,624,230.78</u>	<u>1,612,105.65</u>	<u>1,465,057.26</u>	<u>1,573,670.41</u>
Deferred Charges:				
Emergency Authorization		60,000.00		
Total Regular Fund	<u>3,947,604.48</u>	<u>4,036,103.93</u>	<u>4,003,248.57</u>	<u>4,067,523.84</u>
Federal and State Grant Fund:				
Cash	226,216.03	228,244.40	132,302.03	66,639.23
Grants Receivable	51,219.77	42,555.38	476,979.19	569,801.23
Total Federal and State Grant Fund	<u>277,435.80</u>	<u>270,799.78</u>	<u>609,281.22</u>	<u>636,440.46</u>
	<u>\$ 4,225,040.28</u>	<u>\$ 4,306,903.71</u>	<u>\$ 4,612,529.79</u>	<u>\$ 4,703,964.30</u>

(Continued)

TOWNSHIP OF CARNEYS POINT
CURRENT FUND

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

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>LIABILITIES, RESERVES, AND FUND BALANCE:</u>				
Regular Fund:				
Appropriation Reserves	\$ 399,744.77	\$ 886,949.74	\$ 440,081.78	\$ 617,547.88
Reserve for Encumbrances	88,337.10	82,721.38	113,567.73	153,913.08
Tax Overpayments	63,299.17	2,161.79	8,027.21	24,014.87
Solid Waste Fee Overpayments				360.50
Prepaid Taxes	134,825.96	147,617.55	129,422.59	126,740.54
County Taxes Payable	9,094.00	31,258.44	15,597.39	
Accounts Payable				1,932.12
Municipal Open Space Taxes Payable				
Due Trust Fund	60.59	51.10	16.67	
Due to Trust Other Fund		350.95		
Due State of New Jersey:				
Senior Citizens and Veterans Deductions	29,447.34	28,169.95	28,592.55	32,946.65
Marriage License Fees			250.00	350.00
DCA Training Fees	2,271.00	1,046.00	1,504.00	1,523.00
Reserve for:				
Dunns Park		5,000.00		
Fire Fighting Equipment and Training	1,200.00			
Nursing Home Contribution			2,000.00	
Revaluation of Property				34,200.35
YMCA Repairs			54,404.99	95.13
	<u>728,279.93</u>	<u>1,185,326.90</u>	<u>793,464.91</u>	<u>993,624.12</u>
Reserves for Receivables and Other Assets	1,624,230.78	1,612,105.65	1,465,057.26	1,573,670.41
Fund Balance	<u>1,595,093.77</u>	<u>1,238,671.38</u>	<u>1,744,726.40</u>	<u>1,500,229.31</u>
Total Regular Fund	<u>3,947,604.48</u>	<u>4,036,103.93</u>	<u>4,003,248.57</u>	<u>4,067,523.84</u>
Federal and State Grant Fund:				
Reserve for Encumbrances	8,445.06	5,840.74	10,114.29	163,880.99
Reserve for Grants - Appropriated	248,990.74	231,023.90	579,166.93	452,559.47
Reserve for Grants - Unappropriated		13,935.14		
Reserve for Matching Funds	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>20,000.00</u>
Total Federal and State Grant Fund	<u>277,435.80</u>	<u>270,799.78</u>	<u>609,281.22</u>	<u>636,440.46</u>
	<u>\$ 4,225,040.28</u>	<u>\$ 4,306,903.71</u>	<u>\$ 4,612,529.79</u>	<u>\$ 4,703,964.30</u>

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

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

	For the Years Ended December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED:				
Fund Balance Utilized	\$ 825,000.00	\$ 1,177,000.00	\$ 1,096,526.00	\$ 1,152,605.00
Miscellaneous Revenues Anticipated	4,910,838.00	4,811,306.11	4,943,591.97	4,765,402.29
Receipts from Delinquent Taxes and Tax Title Liens	799,686.11	543,932.78	754,290.32	587,061.89
Receipts from Current Taxes	18,829,346.37	17,952,281.54	17,534,855.51	16,810,734.72
Non-Budget Revenue	93,582.95	111,447.40	246,355.02	223,682.41
Other Credits to Income:				
Unexpended Balance of Appropriation Reserves	719,306.24	318,813.34	427,672.22	513,309.63
Cancellation of Reserve for Revaluations			34,200.35	
Cancellation of Reserve for YMA Repairs			95.13	
Cancellation of Regional School Taxes Payable				1,543.38
Cancellation of Reserve for Federal and State Grants Appropriated			30,694.63	
Cancellation of Accounts Payable			1,775.27	
Interfunds Receivable Liquidated			3,053.13	40,000.00
Total Income	<u>26,177,759.67</u>	<u>24,914,781.17</u>	<u>25,073,109.55</u>	<u>24,094,339.32</u>
EXPENDITURES:				
Budget Appropriations:				
Within "CAPS":				
Operations:				
Salaries and Wages	2,922,121.00	2,940,492.00	2,866,793.00	2,883,105.00
Other Expenses	3,225,025.00	3,263,667.00	2,973,251.00	2,994,944.00
Deferred Charges and Statutory Expenditures	656,054.25	659,782.72	666,312.07	738,712.00
Excluded from "CAPS":				
Operations:				
Salaries and Wages	248,359.00	258,836.30	251,943.00	229,668.00
Other Expenses	543,911.18	584,313.59	559,124.65	452,453.61
Capital Improvements	60,000.00	60,000.00	50,000.00	55,000.00
Debt Service	726,105.67	839,626.03	909,411.52	777,756.26
Deferred Charges	60,000.00			
County Taxes	7,033,822.72	6,629,673.75	6,822,954.20	6,669,501.78
Regional School Tax	9,511,374.30	8,975,955.00	8,568,357.00	8,167,352.77
Municipal Open Space Tax	7,326.49	7,317.43	7,299.67	7,311.96
Other Debits to Income:				
Interfunds Receivable Created				3,113.59
Cancellation of Grants Receivable		78,229.54	31,660.24	
Cancellation of Other Accounts Receivable			846.51	
Refund of Prior Year Revenue--Tax Appeals Granted			18,498.90	19,053.29
Refund of Prior Year Revenue--Other			884.70	
Prior Year Senior Citizen/Veteran Deductions Disallowed	2,000.00	5,625.00	4,750.00	
Creation of Interfunds	237.67	317.83		
Total Expenditures	<u>24,996,337.28</u>	<u>24,303,836.19</u>	<u>23,732,086.46</u>	<u>22,997,972.26</u>
Excess Revenue and Other Income Realized Over Expenditures	1,181,422.39	610,944.98	1,341,023.09	1,096,367.06
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>60,000.00</u>		
Statutory Excess to Fund Balance	1,181,422.39	670,944.98	1,341,023.09	1,096,367.06
FUND BALANCE:				
Balance January 1	<u>1,238,671.38</u>	<u>1,744,726.40</u>	<u>1,500,229.31</u>	<u>1,556,467.25</u>
Decreased by:	2,420,093.77	2,415,671.38	2,841,252.40	2,652,834.31
Utilized as Revenue	<u>825,000.00</u>	<u>1,177,000.00</u>	<u>1,096,526.00</u>	<u>1,152,605.00</u>
Balance December 31	<u>\$ 1,595,093.77</u>	<u>\$ 1,238,671.38</u>	<u>\$ 1,744,726.40</u>	<u>\$ 1,500,229.31</u>

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

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

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>ASSETS:</u>				
Animal Control Fund:				
Cash	\$ 853.20	\$ 254.40	\$ 179.19	\$ 1,172.70
Due from State of New Jersey				1.80
	<u>853.20</u>	<u>254.40</u>	<u>179.19</u>	<u>1,174.50</u>
Other Funds:				
Cash - CFO/Treasurer	490,490.55	461,129.65	724,046.21	657,901.40
Cash - Tax Collector	228,426.23	233,313.16		
Interfunds Receivable		350.95	1,052.43	
Due from Payroll to Unemployment			379.34	4,828.80
	<u>718,916.78</u>	<u>694,793.76</u>	<u>725,477.98</u>	<u>662,730.20</u>
Municipal Open Space Fund:				
Cash	301,184.33	293,426.48	285,714.21	280,410.20
Due from Current Fund	60.59	51.10	16.67	
	<u>301,244.92</u>	<u>293,477.58</u>	<u>285,730.88</u>	<u>280,410.20</u>
 Total Trust Funds	 <u>\$ 1,021,014.90</u>	 <u>\$ 988,525.74</u>	 <u>\$ 1,011,388.05</u>	 <u>\$ 944,314.90</u>
 <u>LIABILITIES AND RESERVES:</u>				
Animal Control Fund:				
Reserve for Animal Control Expenditures	\$ 842.40	\$ 254.40	\$ 176.79	\$ 1,174.50
Due State of New Jersey - Dept. of Health	10.80		2.40	
	<u>853.20</u>	<u>254.40</u>	<u>179.19</u>	<u>1,174.50</u>

(Continued)

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

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND RESERVES (CONT'D):</u>				
Trust Other Funds:				
Due to Current Fund	\$ 143.66		\$ 60.46	\$ 714.60
Due to Unemployment from Payroll Reserve for:			379.34	4,828.80
Developers Escrow	136,082.34	\$ 137,377.74	8,915.53	11,873.65
Abandoned Property Registration				
Accumulated Absences	48,010.93	17,974.32	25,122.94	15,100.28
Affordable Salem Escrow			337.18	337.18
Drimones Escrow			6,517.05	6,517.05
G&B Highland Ave. Inspections			6,808.77	6,808.77
Heritage Construction Escrow			10,887.12	10,887.12
Heritage Corpus Christi #2			3,249.77	3,249.77
Heritage Laytons Lake Inspections			3,343.86	3,343.86
Heritage Laytons Lake Maintenance			25,000.00	
Payroll Deductions Payable	4,498.94	3,266.29	3,293.28	3,077.68
Street Opening Deposits Escrow	48,051.62	39,209.25	34,366.00	30,727.75
Point One Investments--Cornerstone			178.05	178.05
Point One Investments--Cornerstone Inspection			6,404.43	5,025.46
Ranney Station Water Treatment Plant Escrow			3,951.41	10,524.92
Recreation	58,233.44	73,664.29	75,281.29	57,444.29
Unemployment	62,110.41	55,748.62	56,745.04	55,334.95
Public Defender	461.72	545.08	5,420.08	10,043.19
McLane Escrow			9,074.12	5,808.24
Millenium Escrow			1.64	1.64
Municipal Alliance	3,700.79	3,015.57	1,702.76	1,520.99
Police Outside Employment	33,603.96	28,256.17	30,302.44	21,278.21
Forfeiture Trust	1,300.98	0.33	22,009.15	14,474.06
House Revitalization Loan Account	5,959.28	19,611.93	65,459.91	50,995.48
COAH	51,434.59	45,457.47	38,572.25	34,463.06
Tax Title Liens Redemption	13,819.39	47,097.80	99,835.50	44,487.66
Tax Title Liens Premiums	214,600.00	186,200.00	163,200.00	222,100.00
Confiscated Funds	7,303.50	7,292.55	7,281.60	7,270.65
CP Investments			30.02	14,822.21
Schlimme/Bauman Escrow			7,146.19	7,146.19
Snow Removal	14,024.42	7,011.67	2,347.97	2,344.44
Fire/Rescue	3,462.12	3,456.92	2,252.83	
Recreation Facility Improvement	11,702.59	19,477.76		
POAA	412.10	130.00		
	<u>718,916.78</u>	<u>694,793.76</u>	<u>725,477.98</u>	<u>662,730.20</u>
Municipal Open Space Fund:				
Due to Current Fund				2,398.99
Reserve for Future Use	301,244.92	293,477.58	285,730.88	278,011.21
	<u>301,244.92</u>	<u>293,477.58</u>	<u>285,730.88</u>	<u>280,410.20</u>
Total Trust Funds	<u><u>\$ 1,021,014.90</u></u>	<u><u>\$ 988,525.74</u></u>	<u><u>\$ 1,011,388.05</u></u>	<u><u>\$ 944,314.90</u></u>

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

TOWNSHIP OF CARNEYS POINT
GENERAL CAPITAL FUND

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

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>ASSETS:</u>				
Cash	\$ 1,262,543.75	\$ 980,967.66	\$ 1,040,959.47	\$ 1,190,480.45
Grants Receivable	191,250.00	153,000.00	150,000.00	
Deferred Charges to Future Taxation:				
Funded	1,535,852.22	2,107,180.01	2,648,191.66	3,158,915.70
Unfunded	2,198,967.00	1,008,567.00	1,072,767.00	1,323,767.00
	<u>\$ 5,188,612.97</u>	<u>\$ 4,249,714.67</u>	<u>\$ 4,911,918.13</u>	<u>\$ 5,673,163.15</u>
<u>LIABILITIES, RESERVES,</u>				
<u>AND FUND BALANCE:</u>				
Bonds Payable	\$ 1,185,000.00	\$ 1,720,000.00	\$ 2,225,000.00	\$ 2,700,000.00
Green Acres Trust Loan Payable	108,251.86	119,825.04	131,170.19	142,291.80
Bond Anticipation Note Payable	1,519,500.00	815,500.00	990,500.00	823,500.00
NJEIT Loan Payable	242,600.36	267,354.97	292,021.47	316,623.90
Due to Trust Other Fund			1,052.43	
Improvement Authorizations:				
Funded	170,018.96	45,354.14	185,135.86	35,135.86
Unfunded	1,563,874.16	466,311.97	613,198.52	639,340.22
Encumbrances Payable	34,461.38	46,419.50	2,151.45	2,151.45
Contracts Payable		400,434.00		339,541.00
Reserves for:				
Improvements to Recreation Sites	61,374.60	61,374.60	61,374.60	61,374.60
Purchase of Fire Truck				251,942.00
Purchase of an Ambulance				948.71
Purchase of Trash Truck			50,000.00	50,000.00
Purchase of Recycling Truck	32,777.00	32,777.00	32,777.00	32,777.00
Purchase of Public Works Equipment	25,000.00	25,000.00	25,000.00	25,000.00
Acquisition of Equipment for Buildings and Grounds	9,000.00	9,000.00	9,000.00	9,000.00
Construction of Addition to Public Building and Fire Building	12,711.90	12,711.90	12,711.90	12,711.90
Payment of Debt	52,310.00	52,310.00	52,310.00	52,310.00
Capital Improvement Fund	132,710.39	138,310.39	217,910.39	167,910.39
Fund Balance	39,022.36	37,031.16	10,604.32	10,604.32
	<u>\$ 5,188,612.97</u>	<u>\$ 4,249,714.67</u>	<u>\$ 4,911,918.13</u>	<u>\$ 5,673,163.15</u>

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

TOWNSHIP OF CARNEYS POINT
PUBLIC ASSISTANCE FUND
 Statements of Assets, Liabilities and Reserves -- Regulatory Basis

	As of December 31,			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>ASSETS:</u>				
Cash	\$ -	\$ 4,678.62	\$ 4,678.62	\$ 4,678.62
<u>LIABILITIES AND RESERVES:</u>				
Reserve for Public Assistance	\$ -	\$ 4,678.62	\$ 4,678.62	\$ 4,678.62

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

TOWNSHIP OF CARNEYS POINT
Notes to Financial Statements
For the Year Ended December 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Carneys Point (hereafter referred to as the "Township") was originally incorporated as Upper Penns Neck Township on February 21, 1798. The voters approved a referendum on November 8, 1976 and on November 10, 1976 the Township Committee changed the name. The Township is located in Salem County, New Jersey approximately twenty-three miles southeast of the City of Philadelphia. The population according to the 2010 census is 8,049.

There are five Committee Members each elected to three-year terms on a staggered basis, with one or two seats coming up for election each year. Annually the Committee elects one of themselves to serve as Mayor. Executive and administrative responsibilities rest with the Mayor, who is assisted by the Township Administrator.

Component Units - The financial statements of the component unit of the Township are not presented in accordance with Governmental Accounting Standards Board GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. If the provisions of GASBS No. 14, as amended by GASBS No. 39 and GASBS No. 61, had been complied with, the financial statements of the following component unit would have been either blended or discretely presented with the financial statements of the Township, the primary government:

Carneys Point Township Sewerage Authority
303 Harding Highway
Carneys Point, New Jersey 08069

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" 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 States of America applicable to local government units. The more significant differences are explained in this note.

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

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

Industrial Commission – Provides assistance to new businesses and helps existing business expand. The seven-member board is appointed by the mayor under authority of New Jersey State law and Township ordinance.

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

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

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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

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

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

Cash, Cash Equivalents and Investments (Cont'd)

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

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

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

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

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that 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. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

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

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

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

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants 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 revenue when received.

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

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Penns Grove-Carneys Point Regional School District. Operations is charged for the full amount required to be raised from taxation to operate the regional school district for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2015, the Township adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of these Statements only required financial statement disclosures. There exists no impact on the financial statements of the Township.

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2015, the Township's bank balances of \$4,926,367.19 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 4,803,787.83
Uninsured and Uncollateralized	<u>122,579.36</u>
Total	<u>\$ 4,926,367.19</u>

Note 3: PROPERTY TAXES

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

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax Rate	\$ 2.697	\$ 2.553	\$ 2.506	\$ 2.423	\$ 2.331
Apportionment of Tax Rate:					
Municipal	\$.435	\$.412	\$.392	\$.378	\$.371
Municipal Open Space	.001	.001	.001	.001	.010
County	.941	.888	.916	.897	.842
County Open Space	.020	.019	.020	.020	.020
Regional School	1.300	1.233	1.177	1.127	1.088

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2015	\$ 731,705,372.00
2014	728,341,231.00
2013	728,265,196.00
2012	724,574,673.00
2011	723,691,959.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2015	\$ 19,759,620.39	\$ 18,829,346.37	95.29%
2014	18,681,239.95	17,952,281.54	96.10%
2013	18,292,072.23	17,534,855.51	95.86%
2012	17,640,574.15	16,810,734.72	95.30%
2011	16,983,234.76	16,324,516.87	96.12%

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>
2015	\$ 1,048,922.44	\$ 564,284.43	\$ 1,613,206.87	8.16%
2014	1,140,040.61	459,175.31	1,599,215.92	8.56%
2013	860,162.44	593,322.78	1,453,485.22	7.95%
2012	741,631.51	718,265.71	1,459,897.22	8.28%
2011	675,634.24	557,946.16	1,233,580.40	7.26%

Note 3: PROPERTY TAXES (CONT'D)

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

<u>Year</u>	<u>Number</u>
2015	178
2014	155
2013	88
2012	75
2011	69

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2015	None
2014	None
2013	None
2012	None
2011	None

Note 5: FUND BALANCES APPROPRIATED

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

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2015	\$ 1,595,093.77	\$ 835,000.00	52.35%
2014	1,238,671.38	825,000.00	66.60%
2013	1,744,726.40	1,177,000.00	67.46%
2012	1,500,229.31	1,096,526.00	73.09%
2011	1,556,467.25	1,152,605.00	74.05%

Note 6: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2015:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current	\$ 143.66	\$ 60.59
Trust - Municipal Open Space	60.59	
Trust - Other		143.66
	<u>\$ 204.25</u>	<u>\$ 204.25</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2016, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 7: PENSION PLANS

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

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

General Information about the Pension Plans

Plan Descriptions

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

Note 7: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

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

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Note 7: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Vesting and Benefit Provisions (Cont'd)

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

The following represents the membership tiers for PFRS:

Tier Definition

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, 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 of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2015 was 12.70% of the Township's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Public Employees' Retirement System (Cont'd) - Based on the most recent PERS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$146,464.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$143,095.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$81,122.82.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5% to 10.0% in October 2011. Employers' contributions are based on an actuarially determined amount which includes the normal cost and unfunded accrued liability.

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

The Township's contractually required contribution rate for the year ended December 31, 2015 was 22.42% of the Township's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2015, the Township's contractually required contribution to the pension plan for the year ended December 31, 2015 is \$344,604.00, and is payable by April 1, 2016. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2014, the Township's contractually required contribution to the pension plan for the year ended December 31, 2014 was \$368,671.00, which was paid on April 1, 2015. Employee contributions to the plan during the year ended December 31, 2015 were \$159,650.25.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2015 was 2.10% of the Township's covered-employee payroll.

Note 7: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - Based on the most recent PFRS measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2015 is \$32,236.00, and is payable by April 1, 2016. Based on the PFRS measurement date of June 30, 2014, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2014 was \$26,997.00, which was paid on April 1, 2015.

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

For the year ended December 31, 2015, employee contributions totaled \$2,863.70, and the Township's contributions were \$2,064.66. There were no forfeitures during the year.

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

Public Employees' Retirement System - At December 31, 2015, the Township's proportionate share of the PERS net pension liability was \$3,824,243.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Township's proportion was 0.0170360105%, which was a decrease of 0.0003217653% from its proportion measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$205,640.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Township's contributions to PERS were \$146,464.00, and were paid on April 1, 2015.

Police and Firemen's Retirement System - At December 31, 2015, the Township's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Township's Proportionate Share of Net Pension Liability	\$ 7,061,445.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>619,265.00</u>
	<u>\$ 7,680,710.00</u>

Note 7: PENSION PLANS (CONT'D)

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

Police and Firemen's Retirement System (Cont'd) - The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2015 measurement date, the Township's proportion was 0.0423944937%, which was a decrease of 0.0056052261% from its proportion measured as of June 30, 2014. Likewise, at June 30, 2015, the State of New Jersey's proportion, on-behalf of the Township, was 0.0423944937%, which was a decrease of 0.0056052261% from its proportion, on-behalf of the Township, measured as of June 30, 2014.

At December 31, 2015, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$545,028.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2015, the Township's contributions to PFRS were \$344,604.00, and were paid on April 1, 2015.

At December 31, 2015, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2015 measurement date is \$77,244.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2015, the Township had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 91,233.00	\$ -	\$ 91,233.00	\$ -	\$ 60,907.00	\$ 60,907.00
Changes of Assumptions	410,693.00	1,303,718.00	1,714,411.00	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	61,486.00	122,898.00	184,384.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	-	280,036.00	280,036.00	208,930.00	614,840.00	823,770.00
Township Contributions Subsequent to the Measurement Date	73,232.00	172,302.00	245,534.00	-	-	-
	<u>\$ 575,158.00</u>	<u>\$ 1,756,056.00</u>	<u>\$ 2,331,214.00</u>	<u>\$ 270,416.00</u>	<u>\$ 798,645.00</u>	<u>\$ 1,069,061.00</u>

\$73,232.00 and \$172,302.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2016. These amounts were based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Township's year end of December 31, 2015.

Note 7: **PENSION PLANS (CONT'D)**

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

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

	<u>PERS</u>		<u>PFRS</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	-	6.17	-
June 30, 2015	5.72	-	5.53	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014	-	5.00	-	5.00
June 30, 2015	-	5.00	-	5.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014	6.44	6.44	6.17	6.17
June 30, 2015	5.72	5.72	5.53	5.53

Note 7: PENSION PLANS (CONT'D)

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

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2016	\$ 33,934.00	\$ 144,745.00	\$ 178,679.00
2017	33,934.00	144,745.00	178,679.00
2018	33,932.00	144,743.00	178,675.00
2019	82,350.00	298,781.00	381,131.00
2020	47,360.00	52,095.00	99,455.00
	<u>\$ 231,510.00</u>	<u>\$ 785,109.00</u>	<u>\$ 1,016,619.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation	3.04%	3.04%
Salary Increases:		
2012-2021	2.15% - 4.40% Based on Age	2.60% - 9.48% Based on Age
Thereafter	3.15% - 5.40% Based on Age	3.60% - 10.48% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based	July 1, 2008 - June 30, 2011	July 1, 2010 - June 30, 2013

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

For PFRS, mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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 and PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

Note 7: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2015 was 4.90% for PERS and 5.79% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and for PFRS, the non-employer contributing entity, will be made based on the average of the last five years of contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033 for PERS and through 2045 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033 for PERS and through 2045 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

Public Employees' Retirement System (PERS) - The following presents the Township's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's Proportionate Share of the Net Pension Liability	<u>\$ 4,753,066.00</u>	<u>\$ 3,824,243.00</u>	<u>\$ 3,045,524.00</u>

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Township's annual required contribution. As such, the net pension liability as of June 30, 2015, the plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 5.79%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
Township's Proportionate Share of the Net Pension Liability	\$ 9,309,226.00	\$ 7,061,445.00	\$ 5,228,580.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	<u>816,388.00</u>	<u>619,265.00</u>	<u>458,529.00</u>
	<u>\$ 10,125,614.00</u>	<u>\$ 7,680,710.00</u>	<u>\$ 5,687,109.00</u>

Note 7: PENSION PLANS (CONT'D)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

Supplementary Pension Information

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

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0170360105%	0.0173577758%	0.0185555129%
Township's Proportionate Share of the Net Pension Liability	\$ 3,824,243.00	\$ 3,249,850.00	\$ 3,546,327.00
Township's Covered-Employee Payroll	\$ 1,099,852.00	\$ 1,242,164.00	\$ 1,207,172.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	347.71%	261.63%	293.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 146,464.00	\$ 143,095.00	\$ 139,812.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(146,464.00)</u>	<u>(143,095.00)</u>	<u>(139,812.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 1,153,054.00	\$ 1,149,959.00	1,215,299.00
Township's Contributions as a Percentage of its Covered-Employee Payroll	12.70%	12.44%	11.50%

Note 7: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

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

	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0423944937%	0.0479997198%	0.0448829480%
Township's Proportionate Share of the Net Pension Liability	\$ 7,061,445.00	\$ 6,037,920.00	\$ 5,966,783.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>619,265.00</u>	<u>650,182.00</u>	<u>556,177.00</u>
Total	<u>\$ 7,680,710.00</u>	<u>\$ 6,688,102.00</u>	<u>\$ 6,522,960.00</u>
Township's Covered-Employee Payroll	\$ 1,408,004.00	\$ 1,516,064.00	\$ 1,520,764.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	501.52%	398.26%	392.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

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

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 344,604.00	\$ 368,671.00	\$ 327,456.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(344,604.00)</u>	<u>(368,671.00)</u>	<u>(327,456.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered-Employee Payroll	\$ 1,536,779.00	\$ 1,403,738.00	\$ 1,522,824.00
Township's Contributions as a Percentage of it's Covered-Employee Payroll	22.42%	26.26%	21.50%

Note 7: PENSION PLANS (CONT'D)

Other Notes to Supplementary Pension Information

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – New assumptions related to future increases on Social Security Wage Base and the 401(a)(17) compensation limit have been added as follows:

401(a)(17) Pay Limit – 3.00 per annum
Social Security Wage Base – 4.00 per annum

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 6.32% as of June 30, 2014, to 5.79% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Other Changes in Assumptions – Demographic assumptions with respect to no-vested withdrawal, disability, service retirement, active death, salary increases rates and inactive mortality were revised in accordance with the results of the July1, 2010 – June 30, 2013 experience study and approved by the Board of Trustees of the PERS Pension Plan at its February 9, 2015 Board Meeting.

Note 8: COMPENSATED ABSENCES

Non-contractual full-time Township employees are entitled to paid vacation days based upon their length of service. Upon approval by the Township Committee, up to ten unused vacation days may be accumulated and carried forward to the next succeeding year. Vacation days carried forward must be used in the next succeeding year or be forfeited. Employees are compensated for unused vacation days upon retirement or resignation with Committee approval.

Full-time employees are entitled to 96 hours of paid sick leave each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Employees are not compensated for unused sick days upon retirement or resignation without Committee approval.

The Township has established a Compensated Absences Trust Fund to set aside funds for future payments of compensated absences. At December 31, 2015 the balance of the fund was \$48,010.93. It is estimated that, at December 31, 2015, accrued benefits for compensated absences are valued at \$154,735.97.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The Township's defined benefit postemployment healthcare plan, allows certain police officers and non-contractual active employees who are age sixty (60) or older and who retire from the Township with at least twenty-five (25) years of full-time service with the Township and who are already covered by health insurance through the Township to receive fully paid health and prescription benefits. This entitlement requires that police officers retire from service with the Township, be covered by any collective bargaining agreement between the Township and the Fraternal Order of Police, Labor Council Lodge No. 6 and have served at least twenty-five years. The continuation of benefits to the members of the employee's family will be, as the family exists as of the date of retirement and only to those family members who exist as of the date of retirement. The plan is administered by the Township and does not issue a separate financial report.

Funding Policy - The contribution requirement of the plan members and the Township are established and may be amended by the Township's governing body.

Retirees - The Township presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis. The Township's estimated contributions to the plan for the years ended December 31, 2015, 2014, and 2013 were \$319,872.00, \$290,734.00 and \$279,552.00, respectively. There are no contributions required from eligible retirees.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$495,798.00 at an unfunded discount rate of 4.50%. As stated above, the Township has funded the cost of existing retirees in the amount of \$319,872.00, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For year ended December 31, 2015, the Township's annual OPEB cost (expense) of \$499,033.20 for the plan was equal to the ARC plus certain adjustments because the Township's actual contributions in prior years differed from the ARC. The Township's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2015, 2014, and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 495,798.00	\$ 340,956.00	\$ 340,956.00
Interest on the Net OPEB Obligation	12,478.63	10,100.80	7,253.00
Adjustment to the ARC	<u>(9,243.43)</u>	<u>(7,482.07)</u>	<u>(5,372.59)</u>
Annual OPEB Cost	499,033.20	343,574.73	342,836.41
Pay-as-You Go Cost (Existing Retirees)	<u>(319,872.00)</u>	<u>(290,734.00)</u>	<u>(279,552.00)</u>
Increase (Decrease) in the Net OPEB Obligation	179,161.20	52,840.73	63,284.41
Net OPEB Obligation, January 1	<u>277,302.96</u>	<u>224,462.23</u>	<u>161,177.82</u>
Net OPEB Obligation, December 31	<u>\$ 456,464.16</u>	<u>\$ 277,302.96</u>	<u>\$ 224,462.23</u>
Percentage of Annual OPEB Cost Contributed	64%	85%	82%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress - The funded status of the plan as of the three past actuarial valuation dates is as follows:

	<u>2015</u>	<u>2012</u>	<u>2009</u>
Actuarial Accrued Liability (AAL)	\$ 5,560,763.00	\$ 3,882,268.00	\$ 3,665,162.00
Actuarial Value of Plan Assets	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,560,763.00</u>	<u>\$ 3,882,268.00</u>	<u>\$ 3,665,162.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%	0.0%	0.0%
Covered Payroll (Active Plan Members)	\$ 3,130,000.00	\$ 2,968,000.00	\$ 3,268,000.00
UAAL as a Percentage of Covered Payroll	177.7%	130.8%	112.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit funding method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP 2000 Combined Healthy Male Mortality Rates set forward three years.
- *Turnover.* NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service and attainment of age 60.
- *Full Attribution Period.* Service to assumed retirement age.
- *Annual Discount Rate.* 4.50%
- *Medical Trend.* 7% in 2016, reducing by .5% per annum, leveling at 5% per annum in 2020.
- *Medical Cost Aging Factor.* NJSHBP Medical Morbidity Rates

Note 10: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 11: LENGTH OF SERVICE AWARDS PROGRAM

The Township's Length of Service Awards Program (LOSAP) was created by a Township Ordinance adopted on August 30, 1999 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Awards Program as enacted into federal law in 1997. The voters of the Township approved the adoption of the LOSAP at the general election held on November 2, 1999, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2000. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

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

As required by N.J.A.C. 5:30-14.49, the Township must have an annual review of its LOSAP performed in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Note 12: LEASE OBLIGATIONS

At December 31, 2015, the Township had a capital lease agreement in effect for two Police Vehicles.

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

<u>Description</u>	<u>Balance at December 31,</u>	
	<u>2015</u>	<u>2014</u>
Police Vehicles	\$ 22,596.60	\$ 45,193.20

Future minimum lease payments under this capital lease agreement are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 22,596.60

Note 13: CAPITAL DEBT

General Improvement Bonds

On January 15, 2005, the Township issued \$4,905,000.00 of general improvement refunding bonds, with a net interest cost of 3.74%. The bonds were issued for the purpose of funding various capital projects in the Township. The final maturity of the bonds is July 1, 2017.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 560,000.00	\$ 59,250.00	\$ 619,250.00
2017	625,000.00	31,250.00	656,250.00
	<u>\$ 1,185,000.00</u>	<u>\$ 90,500.00</u>	<u>\$ 1,275,500.00</u>

General Debt - New Jersey Environmental Infrastructure Loans

On February 19, 2010, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$373,316.00, at no interest, from the fund loan, and \$124,439.00 at interest rates ranging from 0.61% to 3.92% from the trust loan. The proceeds were used to fund improvements to the Plant Road Pump Station. Semiannual debt payments are due February 1st and August 1st through 2026. On November 14, 2011 the loan was decreased to the final allowable costs of the project. The final loan agreement provided \$280,033.00, at no interest, from the fund loan, and \$93,344.00 from the trust loan.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 24,867.17	\$ 2,275.38	\$ 27,142.55
2017	25,002.52	2,140.02	27,142.54
2018	25,158.45	1,984.10	27,142.55
2019	25,329.53	1,813.02	27,142.55
2020	25,518.05	1,624.50	27,142.55
2021-2025	113,682.84	4,675.88	118,358.72
2026	3,041.80	119.24	3,161.04
	<u>\$ 242,600.36</u>	<u>\$ 14,632.14</u>	<u>\$ 257,232.50</u>

Note 13: CAPITAL DEBT (CONT'D)

General Debt - New Jersey Green Acres Loans

On October 13, 2006, the Township entered into a loan agreement with the New Jersey Department of Environmental Protection to provide \$199,657.29, at an interest rate of 2.0%. The proceeds were used to fund the improvements of the Township's sports facility. Semiannual debt payments are due January 13th and July 13th through 2024.

The following schedule represents the remaining debt service, through maturity, for the New Jersey Green Acres loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,805.81	\$ 2,106.30	\$ 13,912.11
2017	12,043.10	1,869.00	13,912.10
2018	12,285.16	1,626.94	13,912.10
2019	12,532.10	1,380.01	13,912.11
2020	12,784.00	1,128.11	13,912.11
2021-2024	<u>46,801.69</u>	<u>1,890.70</u>	<u>48,692.39</u>
	<u>\$ 108,251.86</u>	<u>\$ 10,001.06</u>	<u>\$ 118,252.92</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 3,055,352.22	\$ 2,922,680.01	\$ 3,638,691.66
<u>Authorized but not Issued</u>			
General:			
Bonds, Loans and Notes	<u>679,467.00</u>	<u>193,067.00</u>	<u>82,267.00</u>
Total Issued and Authorized but not Issued	<u>3,734,819.22</u>	<u>3,115,747.01</u>	<u>3,720,958.66</u>
<u>Deductions</u>			
General:			
Reserve for Payment of Debt	<u>52,310.00</u>	<u>52,310.00</u>	<u>52,310.00</u>
Net Debt	<u>\$ 3,682,509.22</u>	<u>\$ 3,063,437.01</u>	<u>\$ 3,668,648.66</u>

Note 13: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the annual debt statement and indicated a statutory net debt of .555%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Purposes	\$ 7,967,331.62	\$ 7,967,331.62	
General	3,734,819.22	52,310.00	\$ 3,682,509.22
	<u>\$ 11,702,150.84</u>	<u>\$ 8,019,641.62</u>	<u>\$ 3,682,509.22</u>

Net debt \$3,682,509.22 divided by the equalized valuation basis per N.J.S.A.40A:2-2, as amended, \$663,514,759.00, equals .555%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 23,223,016.57
Less: Net Debt	<u>3,682,509.22</u>
Remaining Borrowing Power	<u>\$ 19,540,507.35</u>

Note 14: RISK MANAGEMENT

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

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

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

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 5,000.00	\$ 5,444.55	\$ 75.75	\$ 4,158.51	\$ 62,110.41
2014	-	5,429.75	80.26	6,506.43	55,748.62
2013	1,000.00	5,208.14	75.80	4,873.83	56,745.04

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The Township is a member of the Gloucester, Salem and Cumberland Counties Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability
General Liability other than motor vehicles
Property damage other than motor vehicles
Automobile Liability and damage
Public Employees Blanket Bond

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

Coverage in excess of the Fund's self-insured retention limits is provided through the Fund's membership in the Municipal Excess Liability Joint Insurance Fund.

The Fund publishes its own financial report for the year ended December 31, 2015, which can be obtained from:

Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund
P.O. Box 490
Marlton, New Jersey 08053

Self-Insurance Plan - The Township has adopted a plan of self-insurance for medical, dental and prescription insurance. The UHY Advisors of Insurance Design Administrators act as administrator of the plan. The Township purchases commercial insurance for claims in excess of \$40,000.00.

At December 31, 2015, there is an estimated \$121,365.57 of claims payable. At December 31, 2015, the Township had a reserve of \$14,569.93. The additional funds required for claims in excess of the amounts reserved and recorded as a liability will be paid and charged to the 2016 budget.

At December 31, 2014, there was an estimated \$120,725.96 of claims payable. At December 31, 2014, the Township had a reserve of \$71,594.85. The additional funds required for claims in excess of the amounts reserved and recorded as a liability were charged to the 2015 budget.

Note 15: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 7, 2006 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township authorized the establishment of a Township Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 2007, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. The Township proposed to levy a tax not to exceed two cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township Open Space, Recreation and Farmland Preservation Trust Fund.

Note 16: CARNEYS POINT TOWNSHIP SEWERAGE AUTHORITY

Under Section 403 of a service agreement between Carneys Point Township Sewerage Authority and Township, the Township is required to pay a sum of money equal to the excess (if any) of:

(1) Operating expenses, interest on bonds, principal or redemption premium on bonds, any deficits of the Authority resulting from failure to receive sums payable to the Authority by the Township, to maintain such reserves or sinking funds to provide for expenses of operations and maintenance of the system or for any interest on or principal on redemption premium of bonds or for any such deficits as may be required by the terms of any contract of the Authority or agreement with or for the benefit of holders of bonds or be deemed necessary or desirable by the Authority, over

(2) The sum of such parts (if any) of the several amounts of service charges collected, the proceeds of bond received by or for account of the authority, the proceeds of insurance received, interest received on investments of funds held for benefit or security of the Authority, contributions received by or for the account of the Authority and not repayable by the Authority, reserves on hand and available, therefore, at the beginning of such fiscal year.

The computation for the Sewerage Authority's Fiscal Year November 30, 2015 showed no amount due under this agreement.

Note 17: CONTINGENCIES

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

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

In addition to the above, the Township is in litigation with a major industrial taxpayer concerning the validity of a host community benefit agreement. The Township has been successful in the litigation to date and all required payments have been made by the taxpayer to the Township. The taxpayer has appealed the Judge's decisions in State court and also has filed an additional lawsuit in Federal court. Should the Township be unsuccessful in defending the lawsuits, the loss of the host community benefit payments will be material to the financial statements.

Tax Appeals - As of December 31, 2015, several tax appeals were on file against the Township. Based upon information provided by the tax assessor, if such appeals are not settled in favor of the Township, the estimated impact of the tax refunds could be material.

Note 18: CONCENTRATIONS

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

Note 19: SUBSEQUENT EVENTS

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

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Various 2016 General Capital Improvements	04/20/16	\$ 799,900.00

APPENDIX C
FORM OF BOND COUNSEL OPINION



A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
Riverview Plaza
10 Highway 35
Red Bank, NJ 07701-5902
732-268-8000
FAX 732-345-8420

April __, 2017

Mayor and Township Committee
of the Township of Carneys Point
Carneys Point, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale, issuance and delivery of \$5,150,000 aggregate principal amount of General Obligation Bonds, Series 2017 (the "Bonds"), of the Township of Carneys Point, in the County of Salem (the "Township"), a body corporate and politic organized and existing under the laws of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to the provisions the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Township Committee and published as required by law, and a resolution duly adopted by the Township Committee on March 15, 2017.

The Bonds are being issued to: (i) currently refund the Township's \$1,456,000 Bond Anticipation Notes dated May 17, 2016 and maturing April 18, 2017; (ii) currently refund the Township's \$486,000 Bond Anticipation Notes dated April 19, 2016 and maturing April 18, 2017; (iii) provide \$3,207,600 in new money to finance various capital improvements; and (iv) pay costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds are issued in fully registered form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in principal denominations of \$5,000 or any integral multiple thereof. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township as Paying Agent (or a duly appointed Paying Agent) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of the DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semiannually on the fifteenth day of April and October (each an "Interest Payment Date"), commencing April 15, 2018, in each year until maturity or prior redemption, as

applicable. The Bonds shall mature on April 15 in each of the years, in the principal amounts and at the interest rates as follows:

<u>Maturity Date</u> <u>(April 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2018	\$325,000	
2019	400,000	
2020	410,000	
2021	420,000	
2022	400,000	
2023	410,000	
2024	430,000	
2025	450,000	
2026	450,000	
2027	470,000	
2028	485,000	
2029	500,000	

The Bonds are subject to optional redemption prior to their stated maturities as set forth in each of the Bonds.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion 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 are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the New Jersey Statutes, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township enforceable in accordance with their terms, and (iii) the Township has pledged its faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Township will represent in its tax

certificate relating to the Bonds that it expects and intends to comply, and will comply, to the extent permitted by law, with such requirements.

In our opinion, under existing law, and assuming continuing compliance by the Township with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code. However, the interest on the Bonds owned by corporations will be included in such corporations' "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporations' alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

We are further of the opinion that the Bonds constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

Except as stated in the preceding three (3) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of each of the Bonds, as executed by the Township, and, in our opinion, the form of such Bond and its execution are regular and proper.

We express no opinion as to any matter not set forth above. The opinions expressed above are being rendered on the basis of federal law and the laws of the State of New Jersey as presently enacted and construed, and we assume no responsibility to advise any party as to changes in fact or law subsequent to the date hereof that may affect the opinions expressed above.

This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

Mayor and Township Committee
of the Township of Carneys Point
Page 4
April __, 2017

This letter is being provided for your exclusive benefit pursuant to the requirements of the closing of the Bonds and may not be provided to (except in connection with the preparation of a closing transcript with respect to the Bonds) or relied upon by any other person, party, firm or organization without our prior written consent. Notwithstanding anything to the contrary herein, the undersigned acknowledges that this opinion is a governmental record subject to release under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 *et seq.*, as amended and supplemented.

Very truly yours,

ARCHER & GREINER P.C.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of April 17, 2017 (the "Disclosure Certificate") is executed and delivered by the Township of Carneys Point, in the County of Salem, State of New Jersey (the "Township" or the "Issuer") in connection with the issuance of its \$5,150,000 aggregate principal amount of General Obligation Bonds, Series 2017 (the "Bonds"), all such Bonds being dated April 17, 2017. The Bonds are being issued pursuant to various bond ordinances duly adopted by the Township Committee and published as required by law, and a resolution duly adopted by Township Committee on March 15, 2017 (collectively, the "Bond Resolution"). The Township covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The Township acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond 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 Township 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.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be electronically filed by the Township with the MSRB at EMMA pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Township with EMMA pursuant to Section 5 of this Disclosure Certificate.

"Disclosure Representative" shall mean the Township Chief Financial Officer or her designee, or such other person as the Township shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Township or any Dissemination Agent subsequently designated in writing by the Township which has filed with the Township a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location

where investors can obtain municipal bond information including disclosure documents. The Township or the Dissemination Agent shall submit disclosure documents to EMMA as a word searchable PDF file containing all identifiable information as required by EMMA to www.emma.msrb.org.

"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.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of New Jersey.

"Underwriter(s)" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Township shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, commencing September 15, 2017 (for the calendar year ending December 31, 2016), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each 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 Township may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Township are not available by September 15 of each year, the Township shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Township, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Township.

(b) Not later than September 30 of each year (commencing September 30, 2017), the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Township does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Township (if the Dissemination Agent is not the Township).

(d) Each year the Dissemination Agent shall file a report with the Township (if the Dissemination Agent is not the Township), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the Township changes, the Township shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Township, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

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

1. The audited financial statements of the Township (as of December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The most current annual debt statement of the Township (as of December 31); and

3. Certain financial information and operating data of the Township consisting of (i) the Township's indebtedness, (ii) the Township's most current adopted budget, (iii) the Township's property valuation information, and (iv) the Township's tax rate, levy and collection data, as applicable.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Township is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB, through the EMMA system, or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Township shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;
12. Bankruptcy, insolvency, receivership or similar event of the Township;
13. The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

The Township shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed

Events specified in subsection (a) of this Section 5 that require a materiality determination, the Township may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Township has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the Township shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the Township (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Township is not the Dissemination Agent) and the Township shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Township determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the Township shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Township) and the Dissemination Agent (if the Dissemination Agent is not the Township) shall be instructed by the Township not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Township to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) business days after the occurrence thereof, with a copy to the Township (if the Dissemination Agent is not the Township).

SECTION 6. Termination of Reporting Obligation. The Township's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an "Obligated Person" (as defined in the Rule). The Township shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Prior Compliance with the Rule. The Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements: the Township previously entered into a continuing disclosure undertaking to provide notice of disclosure events to the Municipal Securities Rulemaking Board (the "MSRB") and to provide certain annual financial information upon request. As of the date of this Official Statement, the audited financial statements and adopted budgets of the Township for each of the past five (5) years have been filed on the MSRB's Electronic Municipal Market Access Dataport ("EMMA"). The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in September of 2014 to act as Continuing Disclosure Agent to ensure compliance with its continuing disclosure obligations.

SECTION 8. Dissemination Agent; Compensation. The Township 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 initial Dissemination Agent shall be the Township. The Township shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Township may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Township to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) 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 the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering 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 materially impair the interests of holders, as determined either by parties unaffiliated with the Township, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The Township shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Township 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 Township. 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 a Listed Event under Section 5 hereof, 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of

occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township 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 Township 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 11. Default. In the event of a failure of the Township to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any 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 Township 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 Township to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Township agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Township) and its respective 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. To the extent permitted by law, the Township further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Township under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

- (a) If to the Township
Ms. Marie Stout
Chief Financial Officer
Township of Carneys Point
303 Harding Highway
Carneys Point, New Jersey 08069

- (b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds:

initially: Ms. Marie Stout
Chief Financial Officer
Township of Carneys Point
303 Harding Highway
Carneys Point, New Jersey 08069

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Township and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Township and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

TOWNSHIP OF CARNEYS POINT

MARIE STOUT,
Chief Financial Officer

Acknowledged and Accepted by:
DISSEMINATION AGENT

N/A

AUTHORIZED SIGNATORY

EXHIBIT A

NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Carneys Point, in the County of Salem,
State of New Jersey

Name of Bond Issue: \$5,150,000 General Obligation Bonds, Series 2017,
Dated April 17, 2017
(CUSIP Number _____)

Date of Issuance: April 17, 2017

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of April 17, 2017 executed by the Township.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Township)

cc: Township of Carneys Point