

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 7, 2018

NEW ISSUE

Rating: S&P “AA”
(See “RATING” herein)

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Bonds (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Bonds indirectly may be subject to alternative minimum tax under circumstances described under “TAX MATTERS” herein. Based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

**TOWNSHIP OF MAPLEWOOD,
IN THE COUNTY OF ESSEX, NEW JERSEY
\$17,130,000* GENERAL IMPROVEMENT BONDS, SERIES 2018
(CALLABLE) (BOOK-ENTRY-ONLY)**

Dated: Date of Delivery

Due: February 15, as shown on the inside front cover

The \$17,130,000* General Improvement Bonds, Series 2018 (the “Bonds”), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository.

Proceeds of the Bonds will be used, along with other available funds of the Township, to: (i) currently refund the Township’s Bond Anticipation Notes, dated March 8, 2018 and maturing June 29, 2018; (ii) currently refund the Township’s Bond Anticipation Notes, dated May 31, 2018 and maturing June 28, 2018; (iii) finance the cost of various capital improvements in and by the Township; and (iv) pay the costs associated with the authorization, sale and issuance of the Bonds. See “AUTHORIZATION AND PURPOSE” herein.

Interest on the Bonds will be payable semiannually on the fifteenth day of February and August in each year until maturity or prior redemption, commencing February 15, 2019. The principal of and the interest due on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are subject to optional redemption prior to their stated maturities. See “DESCRIPTION OF THE BONDS - Redemption” herein.

The Bonds are valid and legally binding general obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

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

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Township Attorney, Roger J. Desiderio, Esq., West Orange, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds. Delivery is anticipated to be at the offices of the Township’s Bond Counsel, McManimon, Scotland & Baumann, LLC, or at such other place as agreed to with the Underwriter on or about June 28, 2018.

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA MUNIAUCTION AT
WWW.GRANTSTREET.COM FROM 10:30 A.M. TO 10:45 A.M. ON JUNE 20, 2018. FOR MORE DETAILS ON HOW TO BID
ELECTRONICALLY, VIEW THE NOTICE OF SALE POSTED AT THE ADDRESS LISTED ABOVE.**

* Preliminary, subject to change.

**TOWNSHIP OF MAPLEWOOD,
IN THE COUNTY OF ESSEX, NEW JERSEY
\$17,130,000* GENERAL IMPROVEMENT BONDS, SERIES 2018**

MATURITIES, PRINCIPAL AMOUNTS*, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u> <u>(February 15)</u>	<u>Principal</u> <u>Amounts*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2019	\$860,000	%	%	
2020	860,000			
2021	860,000			
2022	880,000			
2023	1,675,000			
2024	1,675,000			
2025	1,720,000			
2026	1,720,000			
2027	1,720,000			
2028	1,720,000			
2029	1,720,000			
2030	1,720,000			

* Preliminary, subject to change.

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

**TOWNSHIP OF MAPLEWOOD,
IN THE COUNTY OF ESSEX, NEW JERSEY**

MAYOR

Victor De Luca

TOWNSHIP COMMITTEE

Frank McGehee, Deputy Mayor
Nancy Adams
Dean Dafis
Gregory Lembrich

TOWNSHIP ADMINISTRATOR

Joseph F. Manning

ACTING CHIEF FINANCIAL OFFICER

Paulette Ercolano

TOWNSHIP CLERK

Elizabeth J. Fritzen

TOWNSHIP AUDITOR

Samuel Klein and Company
Newark, New Jersey

TOWNSHIP ATTORNEY

Roger J. Desiderio, Esquire
Bendit Weinstock P.A.
West Orange, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended 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.

McManimon, Scotland & Baumann, LLC 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 information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Township since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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

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

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE BONDS HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT
OF
TOWNSHIP OF MAPLEWOOD,
IN THE COUNTY OF ESSEX, NEW JERSEY
\$17,130,000* GENERAL IMPROVEMENT BONDS, SERIES 2018**

INTRODUCTION

This Official Statement, which includes the front cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Township of Maplewood, in the County of Essex, New Jersey (the “Township”) in connection with the sale and issuance of \$17,130,000* General Improvement Bonds, Series 2018 (the “Bonds”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer, and its distribution and use in connection with the sale of the Bonds have been authorized by the Township.

This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

DESCRIPTION OF THE BONDS

General Description

The Bonds shall be dated the date of delivery and shall mature on February 15 in each of the years and in the amounts set forth on the inside front cover page hereof. Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity or prior redemption, commencing on February 15, 2019. Principal of and interest on the Bonds will be paid to DTC (as defined herein) by the Township or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1 and August 1 (the “Record Dates” for the payment of interest on the Bonds). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each series of Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry-only form in the amount of \$5,000 (or any \$1,000 increments 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 of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign), as nominee for DTC. See “Book-Entry-Only System” herein.

Redemption

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

* Preliminary, subject to change.

Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. 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, the Bonds to be redeemed 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.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the Township shall send redemption notices only to Cede & Co. See “Book-Entry-Only System” herein for further information regarding conveyance of notices to Beneficial Owners.

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 and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry-Only System

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

DTC, the world's largest 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 S&P Global 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 and www.dtc.org.

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 the Bonds (“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.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds 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 the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct

Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor securities 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-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

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

THE TOWNSHIP AS 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 CAPTIONS "TAX MATTERS" AND "SECONDARY MARKET DISCLOSURE") 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 a 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.

SECURITY AND SOURCE OF PAYMENT

General

The Bonds are valid and legally binding general obligations of the Township, and the Township has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

The Township

The Township is located along the southern border of Essex County, New Jersey (the “County”). See Appendix “A” for demographic and statistical information concerning the Township.

AUTHORIZATION AND PURPOSE

The Bonds are authorized by and are issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”), and the bond ordinances set forth below, each duly approved and published as required by law, and a resolution duly adopted by the Township on May 15, 2018 (the “Resolution”).

The proceeds of the Bonds are being used to: (i) currently refund the Township’s \$311,464 Bond Anticipation Note, dated and issued March 8, 2018 and maturing June 29, 2018 (the “March Prior Notes”) (together with a \$1,464 principal reduction payment with cash on hand); (ii) currently refund the Township’s \$14,660,791 Bond Anticipation Note, dated and issued May 31, 2018 and maturing June 28, 2018 (the “May Prior Notes”, and together with the March Prior Notes, the “Prior Notes”); (iii) finance the cost of various general capital improvements in and by the Township in the amount of \$2,159,209; and (iv) pay the costs associated with the authorization, sale and issuance of the Bonds.

BOND ORDINANCES				
BOND ORDINANCE NUMBER	DESCRIPTION OF AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT OF PRIOR NOTES COMING DUE	AMOUNT OF NEW MONEY TO BE ISSUED	TOTAL AMOUNT OF BOND PROCEEDS
2611-09	Various capital improvements, finally adopted December 15, 2009.	\$0	\$127,933	\$127,933
2636-10	Environmental Improvements, finally adopted June 15, 2010.	0	49,120	49,120
2647-10	Environmental Improvements to 125 Dunnell Road and various other locations, finally adopted November 1, 2010.	0	94,975	94,975
2689-12	Various capital improvements, finally adopted April 3, 2012.	1,791,456	0	1,791,456
2717-13	Acquisition of the Woman’s Club and the related improvements to the facility and property, finally adopted April 2, 2013.	773,195	204,328	977,523
2718-13	Various capital improvements, finally adopted April 2, 2013.	471,884	1,159,670	1,631,554
2744-14	Various capital improvements, finally adopted March 18, 2014.	2,747,854	11,183	2,759,037
2780-15	Various capital improvements, finally adopted April 21, 2015	2,630,404	0	2,630,404
2799-15	Acquisition of an ambulance for the Fire Department, finally adopted November 16, 2015.	0	247,000	247,000
2805-16	Acquisition of property, finally adopted	311,464	0	310,000

	February 2, 2016.			
2808-16	Various capital improvements, finally adopted April 19, 2016.	2,924,222	27,500	2,951,722
2832-16	Repairs of boiler flue pipes at the Police Department, finally adopted October 4, 2016.	0	237,500	237,500
2857-17	Various capital improvements, finally adopted April 4, 2017.	<u>3,321,776</u>	<u>0</u>	<u>3,321,776</u>
TOTAL:		\$14,972,255	\$2,159,209	\$17,130,000

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. The Township has not exceeded its statutory debt limit.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten 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 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that

may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

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

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

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

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

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

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

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map

preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purpose and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

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

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Township was last completed in 2016, effective for tax year 2017.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the Essex County Board of Taxation (the "County Board of Taxation") based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the 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 districts.

Tax bills are typically mailed annually in June or following the adoption of the State budget, at which time state aid is certified, by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statutes.

Tax Appeals

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to November 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before January 15 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are concluded prior to the issuance of tax bills. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial

procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

Appendix B contains certain unaudited financial data of the Township extracted from the Annual Financial Statement for the fiscal year ending December 31, 2017 and certain audited financial data of the Township for the fiscal year ending December 31, 2016. The audited financial data was extracted from the report prepared by Samuel Klein and Company, Newark, New Jersey (the "Auditor"), to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial data appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B - Financial Statements of the Township of Maplewood, in the County of Essex, New Jersey".

LITIGATION

To the knowledge of the Township Attorney, Roger J. Desiderio, Esquire, of Bendit Weinstock P.A., West Orange, New Jersey (the "Township Attorney"), 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 any 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, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. To the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, 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 (as hereinafter defined) at the closing.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC ("Bond Counsel") is of the opinion that, under existing law,

interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Bonds is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

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

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

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

Original Issue Discount

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.

Original Issue Premium

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

Additional Federal Income Tax Consequences of Holding the Bonds

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

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

Bank Qualification

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

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

Changes in Federal Tax Law Regarding the Bonds

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

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

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

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Township shall provide:

(a) On or prior September 30 of each year, commencing September 30, 2018 for the fiscal year ending December 31, 2017, to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access Data Port ("EMMA"), annual financial information with respect to Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (i) Township indebtedness, (ii) property valuation information, and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;

- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of 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 the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar 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 or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township.

Notice of failure of the Township to provide required annual financial information on or before the date specified in the undertaking shall be sent in a timely manner to the MSRB.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided pursuant to the Township's undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

In the event that the Township fails to comply with the Rule requirements or the written contracts or undertakings, the Township shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

Within the five years immediately preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements operating data for the fiscal years ended December 31, 2012, 2014, and 2015. Additionally, the Township

previously failed to file late filing notices in connection with its untimely filings of operating data, all as described above. Such notices of late filings have since been filed with the EMMA. The Township appointed Phoenix Advisors, LLC in April of 2018 to serve as continuing disclosure agent.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit any political subdivision of the State, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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 said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency") has assigned a rating of "AA" to the Bonds based upon the creditworthiness of the Township.

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

UNDERWRITER

The Bonds have been purchased from the Township, pursuant to the terms of the Township's notice of sale, by _____ (the "Underwriter"), at a purchase price of \$ _____ (the "Purchase Price"). The Purchase Price reflects the par amount of the Bonds in the amount of \$ _____, plus a bid premium in the amount of \$ _____. The Underwriter is obligated to purchase all of the Bonds if any are purchased.

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

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 this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the sale, the issuance and the delivery of the Bonds are subject to the approval of Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by its Township Attorney, Roger J. Desiderio, Esq. of Bendit Weinstock P.A., West Orange, New Jersey.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the Underwriter by certificates signed by the Mayor and Chief Financial Officer.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Paulette Ercolano, Acting Chief Financial Officer, Township of Maplewood, 574 Valley Street, Maplewood, New Jersey, 07040-2691, (973) 762-8120 or the Municipal Advisor, Phoenix Advisors, LLC at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

MISCELLANEOUS

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

TOWNSHIP OF MAPLEWOOD, IN THE COUNTY OF ESSEX, NEW JERSEY

By: _____
Paulette Ercolano
Acting Chief Financial Officer

Dated: June ___, 2018

APPENDIX A

Economic and Demographic Information Relating to the Township Maplewood, in the County of Essex, New Jersey

INFORMATION REGARDING THE TOWNSHIP¹

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

The Community

The Township has 24,634 residents with a rich mixture of ethnic and economic backgrounds, whose active participation in community-wide events and civic groups continues the Township’s history of small-town traditions and values.

The town’s homes are predominately owner occupied, giving the town a stable and involved homeowner population. Much of the housing stock was built in the 1920's, and the homes reflect the vitality and quality construction of that era. Recent up-market rental unit projects have either been completed or should be completed by the end of 2018. These include 20 luxury units in Clarus located in Maplewood Village next to the train station. This project also includes a Starbucks, a BCB Bank, the Cassidy restaurant and a New York based hair stylist. Other rental projects include completed 30 Units on Tuscan Street and Boyden Avenue and 235 units on Springfield Avenue at Boyden just completed by Avalon Bay. Additional high-end rental unit projects are either under construction or before the Planning Board for consideration. The increase in populations due to the increased housing units enabled the Township to petition the New Jersey State Alcohol Beverage Commission for an additional consumption liquor license that the Township will auction off in the fall of 2018.

In addition to great housing, several cultural venue options, movies and concerts in the parks on summer evenings, holiday parades and celebrations, the Township’s four-square miles offers small town living within a sophisticated metropolitan region. Manhattan museums and theaters, the New Jersey Performing Arts Center and other regional theaters, museums and galleries are close by and accessible by car or public transportation.

The Woodland is one of the newest cultural venues in the Township. The beautiful building was the former Woman's Club acquired by the Township and hosts a variety of events, including cultural celebrations, a winter Farmer's Market an Annual Film Festival, and the Annual Oyster Festival to benefit Melanoma Research just to name a few.

The Burgdorff Center for the Performing Arts is home to The Strollers, New Jersey's oldest community theater group. Neighborhood associations and houses of worship also contribute to the Township’s vibrant community life. From the Maplewood Garden Club to the Durand-Hedden House and the Adult School there is much to choose from when it comes to historical programs.

Business

Along Maplewood Avenue and convenient to the train station is a vital commercial village whose businesses, a variety of shops and many restaurants including a fine French restaurant voted

¹ Source: The Township, unless otherwise indicated.

as a top restaurant in New Jersey Monthly several years in a row. A Kings Supermarket, fish monger, several cafes, banks, movie theatre and professional offices round out the many choices offered in "The Village."

The second main business district is the two mile stretch of Springfield Avenue. In addition to its many owner operated businesses it also has a 24 hour Wawa and several convenience stores, two diners, a dance studio, several fitness options, a Farmers Market operating on the Avenue for over 20 years, and two art galleries. Both Maplewood Village and Springfield Avenue merchants and residents are actively involved in promoting the charm and promote new businesses activity through two Business Improvement Districts: the Springfield Avenue Partnership and the Maplewood Village Alliance.

Education

What has long attracted newcomers to the Township is the quality of its public schools. Following a long tradition of educational excellence, Columbia High School sends ninety percent of its graduates on to colleges and other forms of higher education. Columbia High School is also a recipient of the U.S. Department of Education's prestigious Blue Ribbon Schools Award. In addition, the State of New Jersey recently recognized the school district when it honored Seth Boyden School as a Star School in Technology and selected the district as Educational Technology Training Center for the County.

Transportation

The Township is a 35 minute direct train ride to New York City's Pennsylvania Station. There is also train service to Hoboken to access lower Manhattan via the PATH.

In the center of some of the most important transportation links in the country, the Township is six miles from the Port of Elizabeth, the largest import-export facility in the world, and five miles from Newark International Airport, one of the fastest-growing airports in the country.

Just minutes from four major highways - the New Jersey Turnpike, Interstates 78 and 80 and the Garden State Parkway – the Township has many means of access to area towns as well as New York City and its five Boroughs, the New Jersey Shore, and Pennsylvania.

During the morning and evening commuting time, the Township has a jitney service that operates along four fixed routes covering the township enabling commuters to leave their cars at home. This transportation option was an early venture into lowering our carbon footprint.

Municipal Services

The Township was incorporated in 1922 and operates under the Township Committee form of government with a five-member Committee, each elected-at-large to three year staggered terms.

The Police Department consists of sworn officers in addition to numerous support staff, dispatchers and crossing guards. The recently upgraded computer system allows for the efficient management of the department and speedy access to information for investigations and reports.

Paid firefighters serve the community with a state-of-the art aerial ladder truck, two firehouses and other quality equipment. In addition to fire services, the department provides 24-hour EMS services to the community, along with a volunteer ambulance squad.

The Public Works Department provides a full range of services to residents including a recycling center, maintenance of the 61 miles of streets, street tree maintenance, maintenance and beautification of the Township's fifty-three acres of parks, sanitary sewer maintenance, as well as building maintenance and automotive services for Township property. Water is provided to the community by New Jersey American Water Company.

In addition to parks, the Township has an award-winning Community Pool complex with three pools, including a diving tower. There are numerous tennis courts, playgrounds, ball diamonds, a basketball court and bocce court available for the community. The South Mountain Reservation, run by Essex County, is partially located in the Township. This 2,048-acre reservation (480 in Maplewood) provides scenic wilderness, as well as activity areas for all ages and interests including hiking, jogging and ski trails, nature walks, picnic groves, an archery range, and fishing. Several vantage point affords a breathtaking panorama of the Manhattan skyline.

Children and adults alike enjoy the Township's library's two buildings. The library is a member of a consortium of 60 libraries which offers access to all the main data bases. A three-dimensional printer and teen activity is a young adult respite after a school day. Summer reading program and other kid focused activities attract the kids in their off-school time. A New Ideas series held for the past five springs brings lecturers, social scientists, artists and experts on call and diversity to the library for thought provoking examination of the issues of the day.

Recreation and Cultural Affairs

The Township's commitment to recreation and cultural affairs is unsurpassed. Department teams are always packed, and excellent coaching brought victory to the boy's and girls' basketball teams this year. The summer camp provides several reasonably priced options for working parents while providing a safe environment and enriching activities. Township older adults now have a center for activities they help organize and develop along with staff. Persons with special needs are provided many opportunities to participate in structured activities in a manner that brings them together with other children and adults, again in a safe and nurturing environment.

Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the "Division"), is the administrator of the funds with the

benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS").

Pension Information²

Employees who are eligible to participate in a pension plan are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2016, which is based upon the annual billings received from the State, amounted to \$831,148 for PERS and \$2,686,262 for PFRS.

Employment and Unemployment Comparisons

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

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2017	12,392	11,952	440	3.6%
2016	12,462	11,974	488	3.9%
2015	12,555	11,964	591	4.7%
2014	12,549	11,880	669	5.3%
2013	12,641	11,765	876	6.9%
<u>County</u>				
2017	370,503	349,489	21,014	5.7%
2016	372,531	350,142	22,389	6.0%
2015	375,066	349,110	25,956	6.9%
2014	376,766	346,558	30,208	8.0%
2013	379,663	342,824	36,839	9.7%
<u>State</u>				
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%
2013	4,548,569	4,173,815	374,738	8.2%

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

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Income (as of 2016)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$115,679	\$54,860	\$73,702
Median Family Income	146,533	70,937	90,757
Per Capita Income	54,151	33,482	37,538

Source: US Bureau of the Census, 2016 American Community Survey 5-Year Estimates

Population

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

	<u>Township</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2016 Estimate	24,700	3.49%	796,914	1.65%	8,958,013	1.89%
2010	23,867	0.00	783,969	-1.22	8,791,894	4.49
2000	23,868	10.23	793,633	1.98	8,414,350	8.85
1990	21,652	-5.66	778,206	-8.59	7,730,188	4.96
1980	22,950	-7.95	851,304	-8.71	7,365,001	2.75

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

Largest Taxpayers

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

	2018	% of Total
<u>Taxpayers</u>	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Marcus Ward Home Co Springpoint	\$74,862,700	1.95%
Gardens at Maplewood	13,306,200	0.35%
Maplewood Country Club	10,763,400	0.28%
Val Station House AP Co Silbert	10,351,200	0.27%
Titan Management Group LLC	8,852,400	0.23%
V & F Properties, LLC	8,506,300	0.22%
Walgreens	6,591,000	0.17%
Exeter 50 Camptown LLC	6,500,000	0.17%
Llyod Harbor Associates, LLC	6,253,800	0.16%
H & K Map LLC	<u>5,856,000</u>	<u>0.15%</u>
Total	<u>\$151,843,000</u>	<u>3.95%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2017U	\$117,189,187	\$116,233,042	99.18%
2016	113,174,061	111,584,157	98.60%
2015	110,773,226	109,475,414	98.83%
2014	108,406,480	106,806,631	98.52%
2013	106,289,445	105,052,843	98.84%

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2017U	\$238,572	\$970,193	\$1,208,765	1.03%
2016	236,885	1,037,661	1,274,546	1.13%
2015	215,244	1,169,412	1,384,656	1.25%
2014	207,738	1,469,040	1,676,778	1.55%
2013	252,029	1,103,984	1,356,013	1.28%

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2017U	\$322,500
2016	322,500
2015	322,500
2014	322,500
2013	322,500

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

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

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

<u>Year</u>	<u>Municipal</u>	<u>Municipal</u>	<u>Municipal</u>	<u>Regional</u>	<u>County</u>	<u>Total</u>
		<u>Open Space</u>	<u>Library</u>	<u>School</u>		
2017R	\$0.737	\$0.010	\$0.033	\$1.761	\$0.508	\$3.049
2016	0.907	0.010	0.038	2.135	0.595	3.685
2015	0.891	0.010	0.037	2.082	0.580	3.600
2014	0.873	0.010	0.036	2.041	0.564	3.524
2013	0.865	0.010	0.037	2.002	0.546	3.460

R: Revaluation

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2017R	\$3,848,958,300	\$3,848,958,300	100.00%	\$2,639,093	\$3,851,597,393
2016	3,054,703,900	3,758,247,908	81.28	2,278,820	3,760,526,728
2015	3,063,381,400	3,494,218,547	87.67	2,258,430	3,496,476,977
2014	3,063,897,100	3,403,573,761	90.02	2,250,265	3,405,824,026
2013	3,058,345,100	3,300,609,864	92.66	2,850,177	3,303,460,041

R: Revaluation

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

Classification of Ratables

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2017R	\$11,638,600	\$3,416,436,700	\$0	\$332,822,400	\$37,888,000	\$50,172,600	\$3,848,958,300
2016	10,269,800	2,728,132,000	0	252,317,600	24,988,300	38,996,200	3,054,703,900
2015	9,402,400	2,723,007,400	0	278,290,000	20,903,900	31,777,700	3,063,381,400
2014	9,257,000	2,718,165,900	0	282,472,200	22,172,700	31,829,300	3,063,897,100
2013	8,958,800	2,715,373,800	0	285,140,500	22,211,700	26,660,300	3,058,345,100

R: Revaluation

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

Building Permits

<u>Year</u>	<u>Number of Permits*</u>	<u>Value of Construction</u>
2017	2,497	\$43,459,775
2016	1,963	51,332,257
2015	1,818	44,880,913
2014	1,771	22,125,004
2013	1,857	21,655,640

* Includes new building, alterations and additions
Source: Township Construction Code Official

Finances

Financially, the Township operates on a modified accrual basis as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and differs in certain respects from generally accepted accounting principles. The Township has maintained an operating surplus for the last five years as shown on the exhibits in Appendix B. A systematic and active investment program is followed. As of December 31, 2017, cash in banks and investments totaled \$17,237,595.46 and had available current fund cash surplus in the amount of \$4,139,995.03.

Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>
Fund Balance Utilized	\$1,800,000	\$800,000	\$2,000,000	\$1,900,000	\$3,300,000
Miscellaneous Revenues	8,866,608	9,728,223	9,882,476	11,059,473	10,556,699
Receipts from Delinquent Taxes	1,025,000	1,400,000	1,100,000	1,010,000	969,184
Amount to be Raised by Taxation	<u>27,871,529</u>	<u>28,422,220</u>	<u>28,899,299</u>	<u>29,654,043</u>	<u>30,181,000</u>
Total Revenue:	<u>\$39,563,137</u>	<u>\$40,350,443</u>	<u>\$41,881,775</u>	<u>\$43,623,516</u>	<u>\$45,006,883</u>
<u>Appropriations</u>					
General Appropriations	\$27,177,308	\$27,604,158	\$28,576,814	\$29,166,019	\$30,679,577
Operations (Excluded from CAPS)	5,505,051	5,817,504	6,113,301	6,319,244	6,285,858
Deferred Charges and Statutory Expenditures	110,000	0	0	82,200	82,200
Capital Improvement Fund	477,996	140,588	399,648	146,717	771,434
Municipal Debt Service	5,119,782	5,260,820	5,602,012	5,609,336	5,691,520
Reserve for Uncollected Taxes	<u>1,173,000</u>	<u>1,527,373</u>	<u>1,190,000</u>	<u>2,300,000</u>	<u>1,496,294</u>
Total Appropriations:	<u>\$39,563,137</u>	<u>\$40,350,443</u>	<u>\$41,881,775</u>	<u>\$43,623,516</u>	<u>\$45,006,883</u>

*: Introduced
Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

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

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2017U	\$4,140,495	\$3,300,000
2016	2,220,655	1,900,000
2015	2,837,784	2,000,000
2014	865,234	800,000
2013	1,976,622	1,800,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

Swimming Pool Utility Operating Fund

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

<u>Year</u>	<u>Fund Balance</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2017U	\$0	\$0
2016	0	0
2015	535	535
2014	23,535	23,000
2013	58,535	35,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

Township Indebtedness as of December 31, 2017

General Purpose Debt

Serial Bonds	\$24,166,000
Bond Anticipation Notes	15,190,239
Bonds and Notes Authorized but Not Issued	1,877,999
Other Bonds, Notes and Loans	<u>712,768</u>
Total:	\$41,947,005

Local School District Debt

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

Regional School District Debt

Serial Bonds	\$21,411,597
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$21,411,597

Swimming Pool Utility Debt

Serial Bonds	\$667,000
Bond Anticipation Notes	180,952
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$847,952

TOTAL GROSS DEBT

\$64,206,555

Less: Statutory Deductions	
General Purpose Debt	\$13,846,108
Local School District Debt	0
Regional School District Debt	21,411,597
Swimming Pool Utility Debt	<u>174,410</u>
Total:	\$35,432,116

TOTAL NET DEBT

\$28,774,439

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2017)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$0	100.00%	\$0
Regional School District	37,093,000	57.72%	21,411,597
County	986,838,661	4.34%	<u>42,804,077</u>
Net Indirect Debt			\$64,215,674
Net Direct Debt			<u>28,774,439</u>
Total Net Direct and Indirect Debt			<u>\$92,990,113</u>

Debt Limit

Average Equalized Valuation Basis (2015, 2016, 2017)	\$3,700,474,918
Permitted Debt Limitation (3 1/2%)	129,516,622
Less: Net Debt	<u>28,774,439</u>
Remaining Borrowing Power	<u>\$100,742,183</u>
Percentage of Net Debt to Average Equalized Valuation	0.778%
Gross Debt Per Capita based on 2010 population of 23,867	\$2,690
Net Debt Per Capita based on 2010 population of 23,867	\$1,206

Source: Annual Debt Statement of the Township

³ Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

APPENDIX B

Financial Statements of the Township of Maplewood, in the County of Essex, New Jersey

SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

*550 Broad Street
Newark, New Jersey 07102-4517
Phone (973) 624-6100
Fax (973) 624-6101*

*36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
Phone (732) 780-2600
Fax (732) 780-1030*

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the Township Committee
Township of Maplewood
Maplewood, New Jersey 07040

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the Township of Maplewood, State of New Jersey, as of and for the years ended December 31, 2016, 2015, 2014 and 2013. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated August 23, 2017. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom do not reflect the effects of events, if any that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the Township of Maplewood, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the Township of Maplewood, State of New Jersey.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements - regulatory basis of the Township of Maplewood, State of New Jersey as of and for the years then ended December 31, 2016, 2015, 2014 and 2013 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis for the Township of Maplewood, State of New Jersey were prepared for the purpose of inclusion in an official statement for the issuance of General Improvement Refunding Bonds, Series 2017 and were abstracted from audit reports issued under the periods referred to above as dated August 23, 2017, August 19, 2016, August 21, 2015 and May 16, 2014, respectively.



SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
August 23, 2017

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CURRENT FUND

Sheet #1

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS AND DEFERRED CHARGES</u>	<u>Dec. 31, 2017</u>	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
<u>Regular Fund</u>					
Cash and Cash Equivalents	\$ 17,237,595.46	\$ 7,161,273.47	\$ 7,267,962.31	\$ 4,130,159.09	\$ 5,315,358.71
Petty Cash and Change Funds	500.00	500.00	500.00	500.00	500.00
	<u>17,238,095.46</u>	<u>7,161,773.47</u>	<u>7,268,462.31</u>	<u>4,130,659.09</u>	<u>5,315,858.71</u>
Receivables with Full Reserves:					
Delinquent Property Taxes	970,192.96	1,037,661.16	1,169,411.85	1,469,039.98	1,103,984.43
ω Tax Title Liens	238,571.94	236,885.16	215,244.17	207,738.17	252,028.94
ω Sewer User Liens	1,618.78	1,240.78	1,335.30	1,335.30	1,785.30
ω Other Liens	2,200.01	6,381.93	45.28	1,947.21	120.03
Property Acquired for Taxes -					
Assessed Valuation	322,500.00	322,500.00	322,500.00	322,500.00	322,500.00
Sewer User Charges Receivable	132,449.61	127,343.68	148,030.40	294,275.88	124,480.73
Interfunds Receivable	101,519.06	604,076.41	348,789.03	103,338.54	254,843.61
Miscellaneous Accounts Receivable		36,821.88	57,295.51	40,312.40	41,620.82
	<u>1,769,052.36</u>	<u>2,372,911.00</u>	<u>2,262,651.54</u>	<u>2,440,487.48</u>	<u>2,101,363.86</u>
Deferred Charges	<u>328,800.00</u>	<u>411,000.00</u>			<u>110,000.00</u>
	<u>19,335,947.82</u>	<u>9,945,684.47</u>	<u>9,531,113.85</u>	<u>6,571,146.57</u>	<u>7,527,222.57</u>
<u>Federal and State Grant Fund</u>					
Cash and Cash Equivalents	3,737.88	535,143.90	151,213.25	663,286.34	618,183.47
Interfunds Receivable	353,272.87	490,349.19	524,987.34	7,100.00	7,100.00
Grants Receivable	806,812.00	114,623.34	445,915.16	104,514.11	94,844.49
	<u>1,163,822.75</u>	<u>1,140,116.43</u>	<u>1,122,115.75</u>	<u>774,900.45</u>	<u>720,127.96</u>
	<u>\$ 20,499,770.57</u>	<u>\$ 11,085,800.90</u>	<u>\$ 10,653,229.60</u>	<u>\$ 7,346,047.02</u>	<u>\$ 8,247,350.53</u>

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CURRENT FUND

Sheet #2

LIABILITIES, RESERVES AND FUND BALANCE	Unaudited	Audited			
	Balance Dec. 31, 2017	Balance Dec. 31, 2016	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013
<u>Regular Fund</u>					
Expenditure Reserves:					
Encumbrances	\$ 522,150.04	\$ 672,003.79	\$ 577,988.60	\$ 569,135.70	\$ 523,658.98
Unencumbered	798,108.48	2,744,774.12	2,516,168.37	2,012,272.46	1,250,208.33
Interfunds Payable	50,592.37		52.78	30,107.96	161.34
Accounts Payable	250,350.94	778,317.14	507,365.15	12,416.27	544,149.99
Special Improvement District Taxes	156.57				
Special Emergency Note	328,800.00	411,000.00			110,000.00
Due to State of New Jersey	13,983.00			8,947.00	6,888.00
Due to State of New Jersey - Ch. 129, P.L. 1976	68,932.59	92,548.91	83,492.91	58,381.91	65,881.91
County Added Taxes Payable	40,655.84				
Tax and Sewer Overpayments	199,977.62	70,000.40	3,951.04	74,202.94	491,374.50
Deferred Revenue:					
Prepaid Taxes	11,055,192.98	488,147.91	575,660.46	387,839.65	375,530.47
Prepaid Revenue	97,500.00	95,325.82	84,118.82	73,395.00	80,382.76
Local School Taxes Payable			81,879.84	33,821.34	
Security Deposits				4,905.00	1,000.00
Reserve for Receivables	1,769,052.36	2,372,911.00	2,262,651.54	2,440,487.48	2,101,363.86
Fund Balance	4,140,495.03	2,220,655.38	2,837,784.34	865,233.86	1,976,622.43
	<u>19,335,947.82</u>	<u>9,945,684.47</u>	<u>9,531,113.85</u>	<u>6,571,146.57</u>	<u>7,527,222.57</u>
<u>Federal and State Grant Fund</u>					
Interfunds Payable	55,741.56	403,714.00	103,714.00	196,636.33	209,061.33
Appropriated Reserves for Grants	1,045,586.32	725,513.61	989,275.52	556,409.90	481,435.26
Unappropriated Reserves	62,494.87	10,888.82	29,126.23	21,854.22	29,631.37
	<u>1,163,822.75</u>	<u>1,140,116.43</u>	<u>1,122,115.75</u>	<u>774,900.45</u>	<u>720,127.96</u>
	<u>\$ 20,499,770.57</u>	<u>\$ 11,085,800.90</u>	<u>\$ 10,653,229.60</u>	<u>\$ 7,346,047.02</u>	<u>\$ 8,247,350.53</u>

See accompanying notes to financial statements.

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

Sheet #1

	<u>Unaudited</u>	<u>Audited</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenues and Other Income Realized</u>					
Fund Balance Utilized	\$ 1,900,000.00	\$ 2,000,000.00	\$ 800,000.00	\$ 1,800,000.00	\$ 1,672,591.00
Miscellaneous Revenue Anticipated	6,751,158.73	6,468,716.43	6,615,684.00	5,311,677.28	6,205,625.45
State Aid	1,834,693.00	1,834,693.00	1,834,693.00	1,834,693.00	1,834,692.58
Federal and State Grants	1,272,460.65	437,802.96	1,056,974.37	516,268.81	171,768.12
Special Items	2,578,500.69	1,660,561.40	1,722,785.25	1,358,064.63	1,038,225.42
Receipts from Delinquent Taxes	1,021,927.30	1,129,657.08	1,449,742.73	1,137,290.92	1,634,872.11
Amount to be Raised by Taxation for Support of Municipal Budget	30,529,008.35	28,810,968.84	28,870,517.49	27,609,221.15	28,066,532.76
Nonbudgeted Revenue	150,962.49	222,224.19	1,237,178.74	258,670.67	225,951.34
Other Credits to Income:					
⊞ Unexpended Balance of Appropriation					
⊞ Reserves and Encumbrances	871,245.67	1,072,651.28	898,537.26	715,686.19	931,160.76
⊞ Other Liens Receivable Realized	4,181.92	4,832.20	1,838.04	3,095.64	
Reserve for Receivables				2,147.16	8,685.65
Accounts Payable Cancelled	525,000.00				26,884.00
Tax Overpayments Cancelled	3,802.64	23,604.12			11,597.80
Interfund Credits					37,624.54
School, County and Open Space Taxes	88,004,033.17	83,963,187.77	82,132,269.53	80,370,410.02	78,508,310.60
Total Revenues	135,446,974.61	127,628,899.27	126,620,220.41	120,917,225.47	120,374,522.13
Expenditures:					
Budget and Emergency Appropriations:					
Within "CAPS":					
General Government	6,270,545.27	6,819,703.50	5,979,537.01	6,319,725.50	5,879,713.16
Public Safety	12,156,808.72	12,265,057.00	11,679,382.00	11,515,541.33	11,296,115.14
Public Works	3,140,383.03	3,277,192.60	3,213,900.99	3,265,298.64	3,118,922.50
Health and Welfare	271,369.00	313,359.00	267,389.00	254,808.00	249,447.00
Recreation and Education	872,040.25	797,851.00	744,881.00	636,969.40	561,298.75
State Uniform Construction Code	519,854.00	562,779.90	517,137.44	494,741.86	463,309.00
Unclassified	730,323.93	873,165.00	880,499.00	849,747.86	928,286.78
Deferred Charges and Statutory Expenditures	4,141,998.17	4,042,787.44	4,265,997.18	3,730,936.96	3,975,248.41
Excluded from "CAPS":					
Operations	5,887,528.11	5,986,037.00	5,722,614.00	5,514,576.41	5,525,849.83
Public and Private Programs	1,279,316.65	199,727.96	1,063,899.37	261,193.81	178,693.12
Capital Improvements	146,717.00	649,648.00	400,588.00	477,996.00	265,000.00

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - CURRENT FUND

Sheet #2

	<u>Unaudited</u>	<u>Audited</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenditures:					
Budget and Emergency Appropriations:					
Excluded from "CAPS":					
Debt Service	\$ 5,608,035.20	\$ 5,601,813.99	\$ 5,260,800.47	\$ 5,058,047.52	\$ 4,978,064.76
Deferred Charges	82,200.00			110,000.00	110,000.00
Reserve for Uncollected Taxes	2,300,000.00	1,190,000.00	1,527,373.00	1,173,000.00	1,522,000.00
Refund of Prior Years Revenue		6,067.62			44,220.16
Reserve for Other Accounts Receivable			202,905.92		322.52
Senior Citizen Deductions Disallowed					
by Tax Collector		2,841.77	3,000.00	750.00	7,250.00
Interfund Charges	2,697.53	296,207.71	245,450.49	58,374.93	
Prior Year Paid Taxes Cancelled	213,284.93	59,600.97		134,936.43	475,097.10
Other Cancellations			45.53	1,559.37	404,461.78
County Taxes	19,621,738.29	18,218,858.96	17,813,416.42	17,299,786.52	16,728,270.61
Local School District Taxes	67,809,046.00	65,254,039.00	63,828,457.00	62,580,262.00	61,292,370.00
Special Improvement District Taxes	187,288.41	183,667.14	183,201.54	183,257.77	180,989.46
Municipal Open Space Taxes	385,960.47	306,622.67	307,194.57	307,103.73	306,680.53
Total Expenditures	<u>131,627,134.96</u>	<u>126,907,028.23</u>	<u>124,107,669.93</u>	<u>120,228,614.04</u>	<u>118,491,610.61</u>
Excess in Revenue Over Expenditures	3,819,839.65	721,871.04	2,512,550.48	688,611.43	1,882,911.52
Adjustment to Income before Surplus:					
Expenditures Included Above Which					
Were Funded by Bond Ordinance		661,000.00	260,000.00		
Statutory Excess to Surplus	3,819,839.65	1,382,871.04	2,772,550.48	688,611.43	1,882,911.52
Fund Balance, January 1	<u>2,220,655.38</u>	<u>2,837,784.34</u>	<u>865,233.86</u>	<u>1,976,622.43</u>	<u>1,766,301.91</u>
	6,040,495.03	4,220,655.38	3,637,784.34	2,665,233.86	3,649,213.43
Decreased by:					
Utilized as Anticipated Revenue	<u>1,900,000.00</u>	<u>2,000,000.00</u>	<u>800,000.00</u>	<u>1,800,000.00</u>	<u>1,672,591.00</u>
Fund Balance, December 31	<u><u>\$ 4,140,495.03</u></u>	<u><u>\$ 2,220,655.38</u></u>	<u><u>\$ 2,837,784.34</u></u>	<u><u>\$ 865,233.86</u></u>	<u><u>\$ 1,976,622.43</u></u>

See accompanying notes to financial statements.

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND RESERVES - TRUST FUND

	Unaudited	Audited			
	Balance Dec. 31, 2017	Balance Dec. 31, 2016	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Balance Dec. 31, 2013
ASSETS					
<u>Animal Control Fund</u>					
Cash and Cash Equivalents	\$ 15,255.56	\$ 33,035.00	\$ 37,859.65	\$ 40,127.54	\$ 31,720.18
<u>General Trust Fund</u>					
Cash and Cash Equivalents	5,007,503.56	4,543,755.20	4,872,642.88	4,738,269.84	3,807,188.33
Due from Municipal Court	376.00	376.00	432.00	516.00	618.00
Interfunds Receivable	177,989.85	131,229.91	15,553.46		161.34
Other Accounts Receivable	1,646.95	105,330.07	113,414.79	98,945.05	73,216.47
	<u>5,187,516.36</u>	<u>4,780,691.18</u>	<u>5,002,043.13</u>	<u>4,837,730.89</u>	<u>3,881,184.14</u>
<u>Public Assistance</u>					
Cash and Cash Equivalents	34,595.92	52,754.51	59,351.86	76,773.50	62,964.41
Interfunds Receivable			210.00		
	<u>34,595.92</u>	<u>52,754.51</u>	<u>59,561.86</u>	<u>76,773.50</u>	<u>62,964.41</u>
	<u>\$ 5,237,367.84</u>	<u>\$ 4,866,480.69</u>	<u>\$ 5,099,464.64</u>	<u>\$ 4,954,631.93</u>	<u>\$ 3,975,868.73</u>
LIABILITIES AND RESERVES					
<u>Animal Control Fund</u>					
Due to State of New Jersey	\$ 226.20	\$ 409.20	\$ 332.60	\$ 275.60	\$ 181.40
Prepaid Revenues:					
Local Share	4,515.60	4,515.60	3,595.20	4,446.40	3,900.60
Interfunds Payable	37.09	37.09	3,037.09	3,037.09	
Reserve for Animal Control Expenditures	10,476.67	28,073.11	30,894.76	32,368.45	27,638.18
	<u>15,255.56</u>	<u>33,035.00</u>	<u>37,859.65</u>	<u>40,127.54</u>	<u>31,720.18</u>
<u>General Trust Fund</u>					
Liabilities:					
Security Deposits		45,121.00	33,757.50		
Other Deposits	2,946,852.18	1,913,570.37	1,861,913.86	1,888,030.34	1,648,319.73
Payroll Deductions Payable				163,124.90	161,978.13
Premiums on Tax Sale	1,562,925.00	2,237,025.00	2,300,275.00	1,872,300.00	1,279,700.00
Interfunds Payable	7,170.00	69,346.96	120,967.29	78,152.84	7,420.00
Reserves:					
Other Expenditure Reserves	162,219.48	171,685.70	146,677.25		
Tax Title Lien Redemption				104,202.23	61,712.50
Municipal Open Space Taxes	508,349.70	343,942.15	538,452.23	731,920.58	722,053.78
	<u>5,187,516.36</u>	<u>4,780,691.18</u>	<u>5,002,043.13</u>	<u>4,837,730.89</u>	<u>3,881,184.14</u>
<u>Public Assistance</u>					
Due to State of New Jersey	17,088.05	34,538.08	42,404.23	65,864.76	51,481.04
Public Assistance Expenditures	9,779.91	9,990.46	10,481.66	10,908.74	11,483.37
Interfunds Payable			210.00		
Reserve for Contributions	7,727.96	8,225.97	6,465.97		
	<u>34,595.92</u>	<u>52,754.51</u>	<u>59,561.86</u>	<u>76,773.50</u>	<u>62,964.41</u>
	<u>\$ 5,237,367.84</u>	<u>\$ 4,866,480.69</u>	<u>\$ 5,099,464.64</u>	<u>\$ 4,954,631.93</u>	<u>\$ 3,975,868.73</u>

See accompanying notes to financial statements.

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - GENERAL CAPITAL FUND

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
<u>ASSETS AND DEFERRED CHARGES</u>					
Cash	\$ 2,472,194.43	\$ 3,209,715.51	\$ 2,239,252.60	\$ 3,793,553.40	\$ 3,488,861.98
Grants Receivable	963,196.78	698,291.42	769,526.00	601,514.00	574,759.43
Other Accounts Receivable	7,000.00	7,000.00	7,000.00	7,000.00	
Interfunds Receivable	3,832.43		15,000.00	211,500.00	
Deferred Charges to Future Taxation:					
Funded	24,878,767.86	29,134,702.99	33,200,348.85	36,960,721.22	40,418,473.91
Unfunded	17,206,782.10	14,758,637.86	11,461,802.14	9,131,436.51	6,222,699.51
	<u>\$45,531,773.60</u>	<u>\$47,808,347.78</u>	<u>\$47,692,929.59</u>	<u>\$50,705,725.13</u>	<u>\$50,704,794.83</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Serial Bonds	\$11,106,000.00	\$19,396,000.00	\$21,896,000.00	\$23,196,000.00	\$24,296,000.00
Refunding Bonds	13,060,000.00	8,960,000.00	10,460,000.00	12,855,000.00	15,175,000.00
N.J. Environmental Infrastructure Trust Loan Payable	48,884.21	74,105.06	99,838.87	126,085.62	144,565.55
Green Acres Trust Loan Payable	663,883.65	704,597.93	744,509.98	783,635.60	802,908.36
Bond Anticipation Notes	15,190,239.00	12,667,472.00	9,717,000.00	6,878,737.00	4,000,000.00
Improvement Authorizations:					
Funded	821,378.28	845,997.58	1,226,601.25	2,002,282.93	2,476,638.00
Unfunded	3,952,896.92	4,478,979.63	2,913,512.55	4,350,184.33	2,916,444.67
Interfunds Payable	461,849.32	598,925.64	519,228.57	772.28	1,727.28
Capital Improvement Fund	27,053.57	27,617.57	31,955.57	26,381.57	25,078.96
Reserve for Grants Receivable	15,595.75	18,716.57	69,637.00	12,000.00	
Reserve for Debt	4,443.10				
Reserve for Preliminary Costs					1,302.61
Fund Balance	<u>179,549.80</u>	<u>35,935.80</u>	<u>14,645.80</u>	<u>474,645.80</u>	<u>865,129.40</u>
	<u>\$45,531,773.60</u>	<u>\$47,808,347.78</u>	<u>\$47,692,929.59</u>	<u>\$50,705,725.13</u>	<u>\$50,704,794.83</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 2,195,854.08</u>	<u>\$ 2,164,586.29</u>	<u>\$ 1,744,802.14</u>	<u>\$ 2,252,699.51</u>	<u>\$ 2,252,699.51</u>

See accompanying notes to financial statements.

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - SWIMMING POOL UTILITY

	Unaudited		Audited		
	Balance	Balance	Balance	Balance	Balance
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
ASSETS					
<u>Operating Fund</u>					
Cash	\$ 57,667.26	\$ 160,489.17	\$ 32,011.70	\$ 53,088.08	\$ 7,118.49
Interfunds Receivable	18,390.79	18,070.00	94,516.42	124,624.38	74,766.42
Other Accounts Receivable	3,000.00	3,000.00	2,250.00		
	<u>79,058.05</u>	<u>181,559.17</u>	<u>128,778.12</u>	<u>177,712.46</u>	<u>81,884.91</u>
<u>Capital Fund</u>					
Cash	32,690.57	68,690.57	6,834.19	11,235.62	74,263.27
Fixed Capital	2,440,421.44	2,440,421.44	2,337,702.82	2,337,702.82	2,337,702.82
Fixed Capital Authorized and Uncompleted	1,590,872.50	1,590,872.50	1,712,900.00	1,712,900.00	1,712,900.00
	<u>4,063,984.51</u>	<u>4,099,984.51</u>	<u>4,057,437.01</u>	<u>4,061,838.44</u>	<u>4,124,866.09</u>
	<u>\$ 4,143,042.56</u>	<u>\$ 4,281,543.68</u>	<u>\$ 4,186,215.13</u>	<u>\$ 4,239,550.90</u>	<u>\$ 4,206,751.00</u>
LIABILITIES, RESERVES AND FUND BALANCE					
<u>Operating Fund</u>					
Appropriation Reserves:					
Encumbrances	\$ 23,172.71	\$ 21,860.07	\$ 1,827.50	\$ 13,839.63	\$ 7,025.57
Unencumbered	6,216.45	13,713.62	8,188.78	131,110.41	5,721.09
Reserve for Receivables	3,000.00	3,000.00	2,250.00		
Accounts Payable			8,910.00		
Accrued Interest on Bonds	6,066.39	7,277.50	8,577.50	9,227.50	9,958.33
Interfunds Payable	40,602.50	135,707.98	98,489.42		645.00
Fund Balance			534.92	23,534.92	58,534.92
	<u>79,058.05</u>	<u>181,559.17</u>	<u>128,778.12</u>	<u>177,712.46</u>	<u>81,884.91</u>
<u>Capital Fund</u>					
Serial Bonds	667,000.00	797,000.00	927,000.00	1,057,000.00	1,187,000.00
Bond Anticipation Notes	180,952.00	200,000.00			
Improvement Authorizations:					
Funded			19,181.38	19,181.38	19,181.38
Unfunded	26,306.99	26,306.99	26,721.69	36,123.12	119,150.77
Interfunds Payable		18,000.00	137,856.42	137,856.42	117,856.42
Reserve for Amortization	2,384,421.44	2,384,421.44	2,281,702.82	2,281,702.82	2,281,702.82
Reserve for Deferred Amortization	799,048.00	650,000.00	641,900.00	511,900.00	381,900.00
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Fund Balance	1,256.08	19,256.08	18,074.70	18,074.70	18,074.70
	<u>4,063,984.51</u>	<u>4,099,984.51</u>	<u>4,057,437.01</u>	<u>4,061,838.44</u>	<u>4,124,866.09</u>
	<u>\$ 4,143,042.56</u>	<u>\$ 4,281,543.68</u>	<u>\$ 4,186,215.13</u>	<u>\$ 4,239,550.90</u>	<u>\$ 4,206,751.00</u>
Bonds and Notes Authorized but Not Issued	\$ -	\$ -	\$ 200,000.00	\$ 200,000.00	\$ 200,000.00

See accompanying notes to financial statements.

TOWNSHIP OF MAPLEWOOD
COUNTY OF ESSEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - SWIMMING POOL UTILITY

	Unaudited		Audited		
	Year 2017	Year 2016	Year 2015	Year 2014	Year 2013
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$	\$ 534.92	\$ 23,000.00	\$ 35,000.00	\$ 37,284.00
Membership Fees	714,259.50	688,945.72	674,681.41	694,293.27	706,560.83
Miscellaneous Revenue	100,819.89	142,816.23	130,254.59	116,277.62	106,247.27
Capital Surplus	18,000.00	18,000.00			
Other Credits to Income:					
Unexpended Balance of Appropriation					
Reserves	22,736.62	8,021.69	49,766.38	5,165.32	3,983.83
Deficit - General Budget	10,940.48	43,031.44	2,568.62	48,342.96	
	<u>866,756.49</u>	<u>901,350.00</u>	<u>880,271.00</u>	<u>899,079.17</u>	<u>854,075.93</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operations:					
Salaries and Wages	462,644.79	476,590.00	460,261.00	459,100.00	472,200.00
Other Expenses	207,486.00	226,750.00	213,750.00	233,900.00	196,084.00
Capital Improvement Fund			5,000.00		
Debt Service	179,946.49	163,010.00	166,260.00	170,079.17	130,000.00
Statutory Expenditures	35,000.00	35,000.00	35,000.00	36,000.00	29,000.00
Prior Year Revenue Refund					2,050.00
Total Expenditures	<u>885,077.28</u>	<u>901,350.00</u>	<u>880,271.00</u>	<u>899,079.17</u>	<u>829,334.00</u>
Excess in Revenue		-	-	-	24,741.93
Deficit in Revenue	(18,320.79)				
<u>Fund Balance</u>					
Balance January 1		534.92	23,534.92	58,534.92	71,076.99
		534.92	23,534.92	58,534.92	95,818.92
Decreased by:					
Utilized as Anticipated Revenue		534.92	23,000.00	35,000.00	37,284.00
Balance December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534.92</u>	<u>\$ 23,534.92</u>	<u>\$ 58,534.92</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MAPLEWOOD

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Township of Maplewood was established by public referendum on November 7, 1922.

The Township of Maplewood is a Township Committee form of government in accordance with N.J.S.A. 40:14.6 et seq. The Township Committee consists of five members elected-at-large for three-year staggered terms. The terms of office are rotated so that no more than two Committee persons are elected each year. The members of the Township Committee run in partisan elections.

On January 1st of each year the Township Committee holds an organization meeting where it elects a chairperson who serves as Mayor for a one-year term.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Township of Maplewood include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township, as required by the provisions of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Municipal Library, which is a separate entity and is subject to a separate examination.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Township of Maplewood conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are on the "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices 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. Under this method of accounting, the Township of Maplewood accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Fund and General Trust Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Description of Funds (Continued)

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

Swimming Pool Utility Fund - The Swimming Pool Utility maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Township of Maplewood pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

Free Public Library - The Municipal Library Levy through budget appropriations and State Aid are transferred to the Free Public Library bank account and are expended with the approval of the Library for its purpose. Interest on investments, Library fines and other revenue are retained by the Library and expended therefrom. The Library is the subject of a separate report.

Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts that may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create separate spending reserves.

Budget transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Expenditures (Continued)

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt are raised on the cash basis and are not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances

As of January 1, 1986, all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

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 additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves that are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Swimming Pool Utility is required, by regulation, to be prepared by Township personnel for inclusion on the Swimming Pool Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of Maplewood has developed a fixed asset accounting and reporting system.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

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

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

Utility:

Capital acquisitions, including utility infrastructure costs of the Swimming Pool Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Basis of Accounting (Continued)

Capital Fixed Assets (Continued)

Utility: (Continued)

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of Maplewood presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

D. Recent Accounting Pronouncements

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements (Continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended and is effective for reporting periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for reporting periods beginning after December 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Recent Accounting Pronouncements (Continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pensions*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, ("GUDPA"), public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

New Jersey statutes permit the Township to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any Federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

As of December 31, 2016, the Township had funds on deposit in checking accounts. The amount of the Township's Cash and Cash Equivalents as of December 31, 2016 was \$15,998,660.88. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investment as defined by GASB Statement No. 40.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency as billed prior to the end of the fiscal year. The penalty so fixed shall not exceed 6% of the amount of the delinquency with respect to each most recent fiscal year only. The resolution also sets a grace period of ten days before interest is calculated.

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	<u>\$3.685</u>	<u>\$3.600</u>	<u>\$3.524</u>	<u>\$3.460</u>	<u>\$3.186</u>
Apportionment of Tax Rate:					
Municipal	\$0.907	\$0.891	\$0.873	\$0.865	\$0.787
Municipal Open Space	0.010	0.010	0.010	0.010	0.010
County	0.577	0.563	0.547	0.529	0.494
County Open Space	0.018	0.017	0.017	0.017	0.017
School District	2.135	2.082	2.041	2.002	1.841
Library	0.038	0.037	0.036	0.037	0.037

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2016	\$ 3,056,982,720.00
2015	3,065,639,830.00
2014	3,066,147,365.00
2013	3,061,195,277.00
2012	3,266,991,783.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Collections</u>
2016*	\$ 113,174,060.81	\$ 111,584,156.61	98.59 %
2015*	110,773,225.58	109,475,414.02	98.82
2014*	108,406,480.47	106,806,631.17	98.52
2013*	106,289,445.24	105,052,843.36	98.83
2012*	104,450,822.86	102,140,490.60	97.78

*Includes Special Improvement District Taxes.

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016*	\$ 236,885.16	\$ 1,037,661.16	\$ 1,274,546.32	1.12 %
2015*	215,244.17	1,169,411.85	1,384,656.02	1.24
2014*	207,738.17	1,469,039.98	1,676,778.15	1.54
2013*	252,028.94	1,103,984.43	1,356,013.37	1.27
2012*	244,814.84	1,652,463.46	1,897,278.30	1.81

*Includes Special District Taxes.

4. SPECIAL IMPROVEMENT DISTRICT ASSESSMENTS

Two Special Improvement Districts were established by ordinance of the Township of Maplewood in accordance with the provisions of N.J.S.A. 40:56-65 et seq. for the purposes of promoting the economic and general welfare of the district and the Township of Maplewood. The ordinance establishing the Special Improvement District for Maplewood Village was adopted on November 6, 1996 and Springfield Avenue was adopted on December 19, 2000.

Any property within the Special Improvement District is subject to the assessment. Any property which is incorporated, if it is exclusively used for residential purposes, and tax exempt properties are not subject to the special assessment.

Tax rates for the year 2016 are as follows:

Maplewood Village	\$.149
Springfield Avenue	\$.114

Total assessments for the year ending December 31, 2016 was the sum of \$183,667.14.

5. 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, was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 322,500.00
2015	322,500.00
2014	322,500.00
2013	322,500.00
2012	322,500.00

6. SWIMMING POOL UTILITY

Swimming Pool Utility membership fee collections for the past five (5) years are as follows:

<u>Year</u>	<u>Collections</u>
2016	\$ 688,945.72
2015	674,681.41
2014	694,293.27
2013	706,560.83
2012	675,778.24

7. FUND BALANCES APPROPRIATED

<u>Year</u>	<u>Current Fund</u>		<u>Swimming Pool Utility</u>	
	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016	\$ 2,220,655.38	\$ 1,900,000.00	\$ -	\$ -
2015	2,837,784.34	2,000,000.00	534.92	534.92
2014	865,233.86	800,000.00	23,534.92	23,000.00
2013	1,976,622.43	1,800,000.00	58,534.92	35,000.00
2012	1,766,301.91	1,672,591.00	71,076.99	37,284.00

8. PENSION PLANS

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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. Specific information on actuarial assumptions and rates of return can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

8. PENSION PLANS (Continued)

Description of Systems (Continued)

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Employee Payroll	\$ 6,099,382	\$ 6,115,078	\$ 6,014,014
Total Payroll	20,437,770	19,677,722	19,314,740
Actuarial Contribution			
Requirements	789,028	753,474	730,541
Total Contributions	1,244,622	1,187,211	1,152,383
Employer Share	789,028	753,474	730,541
% of Covered Payroll	12.94%	12.32%	12.15%
Employee's Share	455,594	433,737	421,842
% of Covered Payroll	7.47%	7.09%	7.01%

	PFRS		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Employee Payroll	\$ 10,106,650	\$ 9,812,628	\$ 9,521,155
Total Payroll	20,437,770	19,677,722	19,314,740
Actuarial Contribution			
Requirements	2,531,932	2,426,185	2,321,566
Total Contributions	3,554,558	3,420,694	3,279,645
Employer Share	2,531,932	2,426,185	2,321,566
% of Covered Payroll	25.05%	24.73%	24.38%
Employee's Share	1,022,626	994,509	958,079
% of Covered Payroll	10.12%	10.13%	10.06%

Assumptions

The total PERS and PFRS pension liability for June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2016. The actuarial valuation used an inflation rate of 3.08%, projected salary increases from 2026 of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.65%.

The discount rate used to measure the total pension liability was 3.98% for PERS and 5.55% for PFRS as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and 2050 for PFRS and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

8. PENSION PLANS (Continued)

Description of Systems (Continued)

Public Employees' Retirement System:

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

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98% and 4.90% as of June 30, 2016 and 2015, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (2.98%)	At Current Discount Rate (3.98%)	At 1% Increase (4.98%)
2016	<u>\$ 32,233,376</u>	<u>\$ 26,304,730</u>	<u>\$ 21,410,118</u>
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
2015	<u>\$ 24,451,822</u>	<u>\$ 19,673,556</u>	<u>\$ 15,667,491</u>

8. PENSION PLANS (Continued)

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- . The annual benefit under special retirement for new PFRS members enrolled after June 28th, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Township's proportionate share of the PFRS net pension liability calculated using the discount rate of 5.55% and 5.79% as of June 30, 2016 and 2015, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (4.55%)	At Current Discount Rate (5.55%)	At 1% Increase (6.55%)
2016	<u>\$ 79,693,073</u>	<u>\$ 59,320,459</u>	<u>\$ 47,218,433</u>
	At 1% Decrease (4.79%)	At Current Discount Rate (5.79%)	At 1% Increase (6.79%)
2015	<u>\$ 72,192,599</u>	<u>\$ 49,716,114</u>	<u>\$ 40,547,386</u>

8. PENSION PLANS (Continued)

Consolidated Police and Firemen's Pension Fund:

The Consolidated Police and Firemen's Retirement System (CPFPF) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2016 and 2015 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015, respectively.

Following is the total of the Township's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2016:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$ 26,304,730	\$ 59,320,459
Deferred Outflow of Resources	7,195,225	13,820,140
Deferred Inflow of Resources	122,166	712,088
Pension Expense	1,749,592	4,045,452
Contributions Made After Measurement Date	789,028	2,531,932

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2016 and 2015. The Township's proportionate share of the collective net pension liability as of June 30, 2016 and 2015 was .0888% and .0876% for PERS and .3105% and .2985% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

8. PENSION PLANS (Continued)

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

At June 30, 2016, the amount determined as the Township's proportionate share of the PERS net pension liability was \$26,304,730. For the year ended June 30, 2016 the Township would have recognized PERS pension expense of \$1,749,592. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$ 489,188	\$
Change of Assumptions	5,448,935	
Net Difference Between Projected and Actual Investment Earnings	1,003,023	
Net Change in Proportions	254,079	122,166
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>789,028</u>	
	<u><u>\$ 7,984,253</u></u>	<u><u>\$ 122,166</u></u>

At June 30, 2016, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$59,320,459. For the year ended June 30, 2016 the Township would have recognized PFRS pension expense of \$4,045,452. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference Between Expected and Actual Experience	\$	\$ 388,854
Change of Assumptions	8,216,371	
Net Difference Between Projected and Actual Investment Earnings	4,156,465	
Net Change in Proportions	1,447,304	323,234
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>2,531,932</u>	
	<u><u>\$ 16,352,072</u></u>	<u><u>\$ 712,088</u></u>

8. PENSION PLANS (Continued)

Long-Term Expected Rate of Return

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

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

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 7.20% as of July 1, 2016 and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>		<u>CPFPP</u>
	<u>Township</u>	<u>Employee</u>	<u>Township</u>	<u>Employee</u>	<u>Township</u>
2016	\$790,627.00	\$455,593.69	\$2,578,879.00	\$1,022,625.88	\$19,158.22
2015	767,465.00	433,736.91	2,883,919.87	994,508.94	7,149.33
2014	699,185.00	421,841.57	2,348,059.00	958,078.70	-

The Township of Maplewood, in accordance with the provisions of Public Law 2009, c. 19 (S21), elected by resolution of the governing body to defer the 50% of their 2009 normal and accrued pension liability for the PERS and PFRS pension retirement system obligation in the amount of \$1,256,243.50. This deferred pension liability will be repaid over a 15 year period started in April, 2012.

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>Township</u>	<u>Employees</u>
2016	\$7,692.78	\$22,963.39
2015	9,518.99	17,479.36
2014	8,509.98	15,344.38

10. POST-RETIREMENT BENEFITS

Plan Description

As of December 20, 1994, the Township of Maplewood no longer offers their employees post-retirement benefits. However, under an early retirement incentive program during 1993, the Township offered certain employees post-employment health benefits. Under this program, the Township will reimburse the retiree the premium paid for health insurance. As of December 31, 2016, there were three retirees in this program.

Funding Policy

The Township of Maplewood paid retirees in the early retirement incentive program \$29,560.13 for the year ended December 31, 2016.

11. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$41,023,472.00	\$42,073,000.00	\$42,929,737.00
Loans Payable	778,702.99	844,348.85	909,721.22
Swimming Pool Utility Fund:			
Bonds and Notes	<u>997,000.00</u>	<u>927,000.00</u>	<u>1,057,000.00</u>
	<u>42,799,174.99</u>	<u>43,844,348.85</u>	<u>44,896,458.22</u>
Authorized but Not Issued			
General:			
Bonds and Notes	2,164,586.29	1,744,802.14	2,252,699.51
Swimming Pool Utility Fund:			
Bonds and Notes	<u>200,000.00</u>	<u>200,000.00</u>	<u>200,000.00</u>
	<u>2,164,586.29</u>	<u>1,944,802.14</u>	<u>2,452,699.51</u>
Total Debt	<u>44,963,761.28</u>	<u>45,789,150.99</u>	<u>47,349,157.73</u>
Less: Cash on Hand:			
General Capital Fund	73,420.43		
Swimming Pool Utility Fund	127.50		
Refunding Bonds:			
General Capital Fund	8,960,000.00	10,460,000.00	12,855,000.00
Due from State of New Jersey:			
General Capital Fund	<u>18,716.57</u>	<u>69,637.00</u>	<u>12,000.00</u>
	<u>9,052,264.50</u>	<u>10,529,637.00</u>	<u>12,867,000.00</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$35,911,496.78</u>	<u>\$35,259,513.99</u>	<u>\$34,482,157.73</u>

11. MUNICIPAL DEBT (Continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition that follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.011%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$22,389,354.77	\$22,389,354.77	\$
Swimming Pool Utility	997,000.00	127.50	996,872.50
General Debt	<u>43,966,761.28</u>	<u>9,052,137.00</u>	<u>34,914,624.28</u>
	<u>\$67,353,116.05</u>	<u>\$31,441,619.27</u>	<u>\$35,911,496.78</u>

Net Debt, \$35,911,496.78 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,552,013,405.33 equals 1.011%.

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

3 1/2% of Equalized Valuation Basis	\$124,320,469.19
Net Debt	<u>35,911,496.78</u>
Remaining Borrowing Power	<u>\$ 88,408,972.41</u>

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

Calculation of "Self-Liquidating Purposes" Swimming Pool Utility per N.J.S. 40A:2-45

Fund Balance, Cash Receipts from Fees, Rents or Other Charges for Year	\$850,196.87
Deductions:	
Operating and Maintenance Costs	\$738,340.00
Debt Service per Swimming Pool Utility Operating Fund	<u>163,010.00</u>
	<u>901,350.00</u>
Deficit in Revenue	<u>\$ (51,153.13)</u>
Total Debt Service	<u>\$163,010.00</u>
Deficit - Smaller of Deficit in Revenue or Total Debt Service	<u>\$ (51,153.13)</u>

There being a deficit in Swimming Pool Utility Revenue, the Utility Debt is not "self-liquidating" for debt statement purposes.

Since there is a deficit, the Swimming Pool Utility is not deductible to the extent of 20 times the deficit amount.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

11. MUNICIPAL DEBT (Continued)

General Obligation Bonds

\$15,090,000, 2007 Bonds due in annual installments of \$1,700,000 to \$2,090,000 through August 2022, interest at 3.05% to 5.00% (callable). \$ 10,990,000.00

\$11,806,000, 2011 Bonds due in annual installments of \$800,000 to \$1,000,000 through October 2025, interest at 3.00% to 5.00% (callable). 8,406,000.00

\$13,330,000, 2012 Refunding Bonds due in annual installments of \$1,480,000 to \$1,505,000 through October 2022, interest at 4.00% to 5.00%. 8,960,000.00

\$ 28,356,000.00

Swimming Pool Utility Bonds

\$1,447,000, 2011 Bonds due in annual installments of \$130,000 to \$147,000 through October 2022, interest at 3.00% to 5.00% (callable). \$ 797,000.00

A Schedule of Annual Debt Service for principal and interest for bonded debt is as follows:

Calendar Year	Total	General		Swimming Pool Utility	
		Principal	Interest	Principal	Interest
2017	\$ 5,361,925.00	\$ 4,000,000.00	\$ 1,202,815.00	\$ 130,000.00	\$ 29,110.00
2018	5,287,475.00	4,095,000.00	1,038,565.00	130,000.00	23,910.00
2019	5,201,775.00	4,185,000.00	866,765.00	130,000.00	20,010.00
2020	4,996,025.00	4,195,000.00	657,515.00	130,000.00	13,510.00
2021	5,013,575.00	4,405,000.00	470,265.00	130,000.00	8,310.00
2022	5,005,675.00	4,570,000.00	284,265.00	147,000.00	4,410.00
2023	1,106,240.00	1,000,000.00	106,240.00		
2024	1,071,240.00	1,000,000.00	71,240.00		
2025	942,240.00	906,000.00	36,240.00		
	<u>\$33,986,170.00</u>	<u>\$28,356,000.00</u>	<u>\$ 4,733,910.00</u>	<u>\$ 797,000.00</u>	<u>\$ 99,260.00</u>

The interest reflected above is on the cash basis for all funds.

N.J. Environmental Infrastructure Trust Loan Payable

On November 1, 1999 the Township entered into two loan agreements with the New Jersey Environmental Infrastructure Trust. A trust loan in the amount of \$200,000.00 has various coupon rates ranging from 5.50% to 5.70% and a fund loan in the amount of \$194,262.00 is interest free. Both loans are due on August 1, 2019.

11. MUNICIPAL DEBT (Continued)

N.J. Environmental Infrastructure Trust Loan Payable (Continued)

The following is a schedule of debt service payable on the above loans:

<u>Year</u>	<u>Total</u>	<u>Trust Share</u>		<u>Fund Share</u>
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2017	\$ 27,755.85	\$15,000.00	\$2,535.00	\$10,220.85
2018	26,417.91	15,000.00	1,710.00	9,707.91
2019	25,031.30	15,000.00	855.00	9,176.30
	<u>\$ 79,205.06</u>	<u>\$45,000.00</u>	<u>\$5,100.00</u>	<u>\$29,105.06</u>

Green Acres Trust Loans Payable

During 2010 the Township of Maplewood entered into a loan agreement with the State of New Jersey, Department of Environmental Protection under the Green Acres Trust Program to finance part of the improvements to Dehart Park in the sum of \$956,250.00 at an interest rate of 2.0%.

The following is a Schedule of Annual Principal and Interest Payments for the Green Acres Trust Loan Payable as of December 31, 2016:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 54,603.68	\$ 40,714.28	\$ 13,889.40
2018	54,603.68	41,532.63	13,071.05
2019	54,603.68	42,367.44	12,236.24
2020	54,603.68	43,219.02	11,384.66
2021	54,603.69	44,087.74	10,515.95
2022	54,603.68	44,973.89	9,629.79
2023	54,603.68	45,877.87	8,725.81
2024	54,603.68	46,800.02	7,803.66
2025	54,603.68	47,740.70	6,862.98
2026	54,603.68	48,700.29	5,903.39
2027	54,603.68	49,679.16	4,924.52
2028	54,603.68	50,677.71	3,925.97
2029	54,603.68	51,696.33	2,907.35
2030	54,603.68	52,735.43	1,868.25
2031	54,603.69	53,795.42	808.27
	<u>\$ 819,055.22</u>	<u>\$ 704,597.93</u>	<u>\$ 114,457.29</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund:	0.78%	\$ 384,750.00
	0.92%	8,824,000.00
	0.948%	2,974,222.00
	1.25999%	484,500.00
Swimming Pool Capital Fund	1.4998%	200,000.00

11. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

Original Notes <u>Issued</u>	Legal Installments <u>Due</u>	Funding Required <u>as of May 1</u>
2013	2016 - 2023	2024
2014	2017 - 2024	2025
2015	2018 - 2025	2026
2016	2019 - 2026	2027

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	Balance <u>Dec. 31, 2016</u>
General Capital Fund:	
General Improvements	<u>\$2,164,586.29</u>

12. SCHOOL DEBT

The School District of South Orange and Maplewood is unique in that it is a combination of Type I and Type II school districts. It has an elected school board, but the electorate does not vote on the school budget. Instead, the Board of School Estimate approves the amount of local property taxes to be allocated in support of the schools. The Board of School Estimate is comprised of eight members, two from the Board of Education and three from each governing body. Approval of the amount to be raised by local school taxes requires five assenting votes, four of which must come from the representatives of the Townships' governing bodies.

The Board of School Estimate may only approve or reject the total amount of money to be raised by local taxes for current expenses and capital outlay for the fiscal year in question. Once the total amounts are approved, they have no authority or control over how the funds are actually allocated within those categories by the Board of Education.

If the Board of School Estimate will not approve a budget amount that is acceptable to the Board of Education, the Board of Education may appeal to the State Commissioner of Education for relief. In all cases, the taxes to be appropriated by each township are determined in proportion to the equalized ratable base of each community.

An additional function of the Board of School Estimate is to approve any assumption of long-term debt by the Board of Education. Since action by the Board of Education to incur long-term debt carries an obligation to pay over several years, the Board of School Estimate must approve that action. By their approval, the Board of School Estimate agrees to provide the necessary tax revenues to service the debt over the life of the obligation. Thus, funds obligated to debt services are not subject to the annual budget approval process as they have been previously approved by the Board of School Estimate.

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 604,076.41	\$
Federal and State Grant Fund	490,349.19	403,714.00
Animal Control Trust Fund		37.09
General Trust Fund	131,229.91	69,346.96
General Capital Fund		598,925.64
Swimming Pool Operating Fund	18,070.00	135,707.98
Swimming Pool Capital Fund		18,000.00
Payroll Fund		17,993.84
	<u>\$ 1,243,725.51</u>	<u>\$ 1,243,725.51</u>

14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2016, the following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance Dec. 31, 2016</u>	<u>2017 Budget Appropriation</u>	<u>To Be Raised in Subsequent Budget</u>
Current Fund:			
Special Emergency			
Appropriation	\$ 411,000.00	\$ 82,200.00	\$ 328,800.00

15. DEFERRED COMPENSATION PLAN

The Township of Maplewood offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Maplewood authorized such modifications to their plan by resolution of the Township Committee adopted June 16, 1998.

The Administrator for the Township of Maplewood's Deferred Compensation Plan is Metlife Securities, Inc. and I.C.M.A.

15. DEFERRED COMPENSATION PLAN (Continued)

The Plan was subject to a review only as defined by the New Jersey Division of Local Government Services and the American Institute of Certified Public Accountants. A review consists principally of inquiries of Township officials and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. The audit of the program lies within the scope of the audit of the independent accountants of the Metlife Securities, Inc. and I.C.M.A.

16. RISK MANAGEMENT

The Township of Maplewood is a member of the New Jersey Intergovernmental Insurance Fund with respect to General Liability, Property, Workers' Compensation and Employer Liability.

Payment to this Fund for the year 2016 was the sum of \$723,272.00.

17. CONTINGENT LIABILITIES

A. Compensated Absences

The Township of Maplewood has an Accrued Sick Policy Plan whereby certain eligible employees, upon retirement, will receive compensation for accumulated sick time.

As of January 1, 1978 employees in the United Construction Trades and Industrial Employees' International Union can accumulate unused sick time. Upon retirement, eligible employees will receive one-half of the accumulated sick time, but such payment shall not exceed \$12,000.00.

Any employee in the Communication Workers' of America, Local 1031 Union can accumulate unused sick time. Upon retirement, eligible employees, hired prior to January 1, 2002, will be paid for up to 90 sick days at full pay and up to an additional 90 days at half pay.

Police officers and firemen cannot accumulate sick and vacation days. Upon retirement, they would only get paid for the vacation days they did not use in the previous year.

It is estimated that the sum of \$1,177,386.53 computed internally at the 2016 salary rates, would be payable to various officials and employees of the Township of Maplewood as of December 31, 2016 for accumulated sick and vacation days and unused holidays. These figures have been calculated by management and are unaudited. Provision for the above are not reflected on the Financial Statements of the Township.

B. Tax Appeals

As of June 15, 2017, there were eighty-five appeals pending before the New Jersey Tax Court with an assessed valuation of \$215,212,500.00. Potential liability was undeterminable.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

C. Federal and State Awards

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2016 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

17. CONTINGENT LIABILITIES (Continued)

D. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

E. Payments in Lieu of Taxes (PILOT)

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

F. Litigation

There is no significant litigation or any contingent liabilities, unasserted claims or assessments or statutory violations which would affect the financial position or results of operations of the Township.

18. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

19. SUBSEQUENT EVENTS

The Township of Maplewood has evaluated subsequent events that occurred after the balance sheet date, but before August 23, 2017. No items were determined to require disclosure.

APPENDIX C

Form of Approving Legal Opinion of Bond Counsel

_____, 2018
Township Committee of the
Township of Maplewood, in the
County of Essex, New Jersey

Dear Committee Members:

We have acted as bond counsel to the Township of Maplewood, in the County of Essex, New Jersey (the "Township"), in connection with the issuance by the Township of the \$17,130,000 General Improvement Bonds (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Township duly adopted May 15, 2018 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Bonds held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,