

**OFFICIAL INVITATION  
FOR BIDS  
  
FOR  
  
\$1,840,000  
BOROUGH OF LAUREL SPRINGS  
COUNTY OF CAMDEN, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES OF 2009  
(BANK-QUALIFIED)**

ELECTRONIC PROPOSALS will be received by Dean Ciminera, Chief Financial Officer of the Borough of Laurel Springs of the County of Camden (the "Borough"), on **Thursday, December 10, 2009, at 11:00 a.m., New Jersey time**, at the offices of the Borough auditor, Bowman & Company LLP, 601 White Horse Road, Voorhees, New Jersey 08043, through the PARITY Electronic Bid System ("PARITY") of IPREO LLC, as described herein, for the purchase of \$1,840,000 aggregate principal amount, General Obligation Bonds, Series of 2009 (the "Bonds").

The Bonds will be issued as fully registered bonds in the form of one certificate for each year of maturity, and will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds; will be dated the date of delivery, will bear interest from the date of issue until maturity or prior redemption at the rate or rates to be designated by the bidder, payable semiannually on the first (1<sup>st</sup>) day of June and December of each year commencing June 1, 2010; and will mature according to the following schedule (unless adjusted by the Chief Financial Officer as described herein, or aggregated into term bonds as described herein):

<b><u>Maturity (December 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Maturity (December 1)</u></b>	<b><u>Principal Amount</u></b>
2010	\$ 80,000	2018	\$130,000
2011	\$ 85,000	2019	\$140,000
2012	\$ 90,000	2020	\$150,000
2013	\$ 95,000	2021	\$150,000
2014	\$100,000	2022	\$160,000
2015	\$105,000	2023	\$160,000
2016	\$110,000	2024	\$160,000
2017	\$125,000		

The principal of and interest on the Bonds will be payable in lawful money of the United States of America. So long as the Bonds shall be in book-entry form, the principal of and interest on such Bonds are payable by check or draft mailed, or wire transfer by the Paying Agent for the Bonds, to Cede & Co., as nominee for DTC and registered owners of the Bonds for redistribution by DTC to the DTC Participants and in turn to Beneficial Owners as described under "Book-Entry Only System" in the Preliminary Official Statement prepared with respect to the Bonds, dated December 10, 2009 ("Preliminary Official Statement"). If the book-entry only system should be discontinued, payments in respect of the Bonds shall be made as described in the Preliminary Official Statement.

**TERM BOND OPTION; MANDATORY SINKING FUND REDEMPTION**

Bidders will be permitted to aggregate consecutive principal maturities for which such bidder bids the same interest rate into term bonds, provided that such term bonds will be subject to mandatory sinking fund redemption in the amounts and on the dates specified for the scheduled consecutive principal maturities so aggregated, by lot (or other customary method of random selection, at a redemption price of one hundred percent (100%) of the principal amount thereof and accrued interest thereon to the date fixed for redemption.

## **CALL FEATURE**

The Bonds maturing on and after December 1, 2020, are subject to redemption prior to maturity at the option of the Borough, as a whole at any time, or in part from time to time, on December 1, 2019, and on any date thereafter, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Borough, and within any maturity by lot, at a redemption price equal to 100% of the principal amount to be redeemed, together with interest accrued to the date fixed for redemption.

## **BANK-QUALIFICATION**

The Borough has taken the actions necessary for the Bonds to be designated or deemed designated as “qualified tax-exempt obligations”, as defined in and or purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

**All Bids must be submitted in their entirety through PARITY until 11:00 a.m., New Jersey time on Thursday, December 10, 2009. Bidders must submit either (i) a certified, treasurer’s or cashier’s check or (ii) a financial surety bond meeting the requirements set forth below or (iii) complete a wire transfer, in all cases in the amount of \$36,800 (the check or financial surety bond or wire transfer being hereinafter referred to as the “Deposit”), to secure the Borough from any loss resulting from a failure of the bidder to comply with the terms of its bid. The Deposit must be submitted to the Borough prior to the time for submission of bids as more particularly set forth below, under the heading “DEPOSIT”.**

**The use of PARITY shall be at the Bidder’s risk and expense, and the Borough shall have no liability with respect thereto.**

## **PRELIMINARY OFFICIAL STATEMENT; COMPLIANCE WITH 15(c)2-12; CONTINUING DISCLOSURE**

Accompanying this Official Invitation, at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), is a copy of the Preliminary Official Statement, which the Borough has deemed final as of its date, except for the omission of the information permitted to be omitted under Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”). The Borough hereby agrees, subject to timely receipt from the successful bidder of such reoffering information as is necessary to complete the Official Statement, to deliver to the successful bidder, within seven (7) business days after the award of the Bonds but not later than five (5) business days prior to settlement of the sale thereof, a reasonable number of copies of the final Official Statement to enable the successful bidder to comply with the Rule. Additional copies will be furnished upon request at the sole expense of the successful bidder. The Borough will enter into a limited Continuing Disclosure Agreement as described in the Preliminary Official Statement.

## **RATINGS**

The Borough has applied to Moody’s for a rating on the Bonds, which has not been assigned as of the date of the Preliminary Official Statement. It is expected that the rating will be available in advance of the sale.

## **CUSIP NUMBERS**

CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms of this Official Invitation. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Borough.

## **SUBMISSION**

Each proposal must be submitted through PARITY. No bidder will see any other bid, nor will any bidder see the status of its bid relative to other bids—*i.e.*, whether its bid is a leading bid. To the extent any instructions or

directions set forth on PARITY conflict with this Official Invitation, the terms of this Official Invitation shall control. For further information about PARITY, potential bidders may call PARITY at IPREO at (212) 849-5021.

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

Once the bids are communicated electronically through PARITY to the Borough, each bid will constitute an official "Proposal for Bonds" and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Official Invitation. For purposes of submitting a Proposal for Bonds, the time as maintained on PARITY shall constitute the official time. If a bid is accepted by the Borough, the terms of this Official Invitation and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

Each bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Invitation. The Borough shall have no duty or obligation to any bidder, or be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Borough is using PARITY as a communication mechanism, and not as the Borough's agent, to conduct the electronic bidding for the Bonds. By using PARITY each bidder agrees to hold the Borough harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

### DEPOSIT

Amount. \$36,800.

Check. If a check is used, it must be a certified, treasurer's or cashier's check payable to the Borough of Laurel Springs and such check (together with a name and return address) should be sent to Dean Ciminera, Chief Financial Officer, Borough of Laurel Springs, Municipal Building, 135 Broadway, Laurel Springs, New Jersey 08021. Checks of unsuccessful bidders will be returned upon the award of the Bonds. Any bidder that does not have a representative present at the bid announcement is requested to include with its good faith deposit overnight packaging or other return envelope for the return of its Deposit (if not the successful bidder). In the absence of other arrangements, the check of any unsuccessful bidder will be returned by certified first class mail to such name and return address as specified by such bidder when such Deposit was provided. By submitting a proposal for the Bonds, each bidder shall be deemed to have accepted any and all risks of loss associated with the return of its Deposit. Upon return of its Deposit, each such unsuccessful bidder shall acknowledge same by signing and returning a receipt to such effect provided by the Borough. If a wire transfer is used, such transfer must be completed and confirmed received by the Borough prior to the opening of the bids.

Surety Bond. If a financial surety bond is used, it must be provided by an insurance company or other guarantor that is licensed and authorized to do business in New Jersey and approved by the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs ("Director"). At present, the Director has approved the use of Sure-Bid, a service of Financial Security Assurance Inc. Use of any other financial surety bond must be approved by the Director prior to the bid and will not be accepted by the Borough unless evidence of such approval is provided prior to the bid. **The financial surety bond must be made payable to the order of the Borough, proof of same must be submitted to the Borough not later than 5:00 p.m. on the business day immediately preceding the date for bids to be submitted, must expire no sooner than 5:00 p.m. on the business day next following the date for bids to be submitted, and must identify each bidder whose Deposit is guaranteed by such financial surety bond.** If the Bonds are awarded to a bidder utilizing a financial surety bond, then that purchaser is required to submit its Deposit to the Borough by wire transfer as instructed by the Borough not later than 2:00 p.m. on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn upon by the Borough.

Wire Transfer. If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions and if the bid is not accepted, the Borough shall promptly return the Deposit amount to the unsuccessful bidder:

**TD Bank, New Jersey**  
**ABA#011-103-093**  
**Credit to General Capital Fund, Attn: Dean Ciminera**  
**Acct #5791421**

The Deposit of the winning bidder will be applied to the purchase price of the Bonds. In the event the winning bidder fails to comply with the terms of its accepted bid, the Deposit will be retained by the Borough as liquidated damages. No interest shall be paid with respect to any Deposit, including that of the winning bidder.

**CONTENTS OF PROPOSALS; SPECIFICATIONS; TERM BOND OPTION; BASIS OF AWARD**

*Specifications.* Each proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds and the rate or rates named must be multiples of one-eighth or one-twentieth of one percent. Not more than one rate may be named for the Bonds of the same maturity. There is no limitation on the number of rates that may be named. If more than one rate of interest is named, no interest rate named for any maturity may be less than the interest rate named for any prior maturity. The difference between the lowest and the highest rates named in the proposal shall not exceed three percentage points (3%), i.e. 300 basis points. Each proposal submitted must be for all of the Bonds and the purchase price specified in the proposal must be not less than \$1,840,000 nor more than \$1,841,000.

*Term Bond Option.* A bidder may aggregate consecutive principal maturities of the Bonds, for which such bidder bids the same interest rate, into term bonds. Each such term bond shall mature on the final maturity date of such consecutive maturities in an aggregate principal amount equal to the sum of the principal amounts of such consecutive maturities. Each such term bond shall be subject to mandatory sinking fund redemption prior to maturity, in part, on the dates and in the amounts that would have been consecutive serial maturities had no term bond designation been made (other than the final such maturity, which shall be the maturity date of such term bond), at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption. Notice of redemption shall be given as provided in the resolution of the Borough authorizing the Bonds.

*Basis of Award.* The Bonds will be awarded to the bidder under whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed by determining the interest rate, compounded semi-annually, necessary to discount the debt service payments to the date of delivery of the bonds and to the price bid. No proposal shall be considered that offers to pay an amount less than the principal amount of the Bonds or under which the total loan is made at a true interest cost higher than the lowest true interest cost to the Borough under any legally acceptable proposal. If two or more such bidders offer to pay the same lowest true interest cost, then the Bonds will be sold to the bidder who offers to accept the least amount of Bonds. If two or more bidders offer to accept the same least amount of Bonds, the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The Borough reserves the right to reject any and all bids and to the extent permitted by law to waive any irregularity or informality in any bid.

*Inclusion of TIC Computation in Proposal.* It is requested that each proposal be accompanied by a computation of the true interest cost to the Borough under the terms of the proposal in accordance with the method of calculation described in the preceding paragraph (computed to six decimal places), but such computation is not to be considered as part of the proposal.

**RESCHEDULING OF SALE**

The Borough reserves the right to postpone, upon not less than 24 hours' notice, the date and time established for receipt of Bids. **ANY SUCH POSTPONEMENT WILL BE PUBLISHED ON TM3 NEWS SERVICES, BEFORE 11:00 A.M. ON THE DAY BEFORE THE SALE.** If any date fixed for the receipt of Bids and the sale of the Bonds is postponed, an alternative sale date will be announced through TM3 News Services at least forty-eight (48) hours prior to such alternative sale date. On any such alternative sale date, any Bidder may submit a Bid for the purchase of the Bonds in conformity in all respects with the provisions of the Official Invitation, except for the date of sale and except for the changes announced on [www.i-dealprospectus.com](http://www.i-dealprospectus.com) at the time the sale date and time are announced.

## DELIVERY

The obligation of the successful bidder to purchase and pay for the Bonds will be subject to the receipt by the purchaser of: (a) a certificate, in form satisfactory to Bond Counsel, signed by the proper Borough officials, stating that there is no litigation pending, or, to the knowledge of the signers thereof, threatened, affecting the validity of the Bonds; and (b) the opinion of Kutak Rock LLP, Philadelphia, Pennsylvania, Bond Counsel, delivered to the purchaser without cost and printed on each of the Bonds, which will address (i) the validity of the Bonds, (ii) the source of payment of and security for the Bonds, and (iii) the exemption of interest on the Bonds from federal and New Jersey income taxes. For information concerning the scope of Bond Counsel's opinion, reference should be made to the sections of the Preliminary Official Statement headed "TAX MATTERS" and, in particular, under the subheadings "Federal Tax Exemption" and "New Jersey Tax Exemption". Delivery of the Bonds to the successful bidder will be made to DTC in New York, New York, unless otherwise agreed by the Borough, DTC and the successful bidder, within thirty (30) days after the date of sale against receipt of the balance due of the purchase price in immediately available funds. The Borough expects to deliver the Bonds on or about December 22, 2009.

The obligation of the Borough to deliver the Bonds will be subject to, *inter alia*, the receipt by the Borough of a certificate of the purchaser, in form and substance satisfactory to Bond Counsel, as to, *inter alia*, the initial offering prices and the prices at which the Bonds were sold, and the computation of the yield on the Bonds in accordance with the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

**The Official Invitation and the Preliminary Official Statement are available at [www.i-dealprospectus.com](http://www.i-dealprospectus.com) and may also be viewed at the website of Bowman and Company at [www.govdebt.net](http://www.govdebt.net). Questions may be directed to the Borough's Bond Counsel, Kutak Rock LLP, Two Liberty Place, 50 South 16<sup>th</sup> Street, Suite 28B, Philadelphia, Pennsylvania 19102, Attention: Jeffrey Blumenfeld, Phone: (215) 299-4384.**

DATED: December 10, 2009

BY: /s/ Dean Ciminera  
Chief Financial Officer  
Borough of Laurel Springs  
County of Camden, New Jersey

**PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 3, 2009**

*In the opinion of Bond Counsel, assuming the accuracy of certain representations and continuing compliance with certain covenants, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item or included in adjusted current earnings for purpose of the federal alternative minimum tax. Interest on the Bonds and any gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof. See "TAX MATTERS" herein for more detailed discussion including concerning additional federal tax consequences.*

**\$1,840,000**  
**BOROUGH OF LAUREL SPRINGS**  
**County of Camden, New Jersey**  
**GENERAL OBLIGATION BONDS, SERIES OF 2009**  
**(Bank-Qualified) (Callable)**

Dated: Date of Delivery

Due: December 1, as shown below

The \$1,840,000 General Obligation Bonds, Series of 2009 ("Bonds") of the Borough of Laurel Springs, County of Camden, New Jersey ("Borough"), shall be issued in fully registered book-entry-only form without coupons. The principal of the Bonds shall be paid on their respective maturity dates upon presentation and surrender of the Bonds at the offices of TD Bank, National Association, Cherry Hill, New Jersey, as paying agent ("Paying Agent"). Interest on the Bonds is payable initially on June 1, 2010 and thereafter semiannually on the first (1st) day of December and June ("Interest Payment Dates") in each year until maturity or earlier redemption.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bond. (See "THE BONDS – Book-Entry-Only System" herein).

The Bonds are authorized to be issued pursuant to: (i) the New Jersey Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented ("Local Bond Law"); (ii) ten bond ordinances duly and finally enacted by the Borough Council ("Council") on various dates and published in accordance with the requirements of the Local Bond Law (See "AUTHORITY FOR ISSUANCE" herein); and (iii) a resolution adopted by the Council on November 9, 2009.

The Bonds are subject to optional redemption prior to maturity as described herein. (See "THE BONDS – Optional Redemption" herein.)

The Bonds are being issued to provide funds which, together with certain other funds of the Borough, will be used to: (i) permanently finance the costs of various improvements made or to be undertaken in and for the Borough; and (ii) pay the costs of issuance of the Bonds. (See "PURPOSE OF THE BOND ISSUE" herein.)

The Bonds are general obligations of the Borough and the full faith, credit and taxing power of the Borough are irrevocably pledged for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the Borough is obligated to levy ad valorem taxes upon all taxable property within the Borough without limitation as to rate or amount.

**MATURITY SCHEDULE**  
**PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS OR PRICES**

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year</u> <u>(December 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2010	\$80,000			2018	\$130,000		
2011	85,000			2019	140,000		
2012	90,000			2020	150,000		
2013	95,000			2021	150,000		
2014	100,000			2022	160,000		
2015	105,000			2023	160,000		
2016	110,000			2024	160,000		
2017	125,000						

*The Bonds are offered when, as and if issued, subject to the delivery of the approving legal opinion of Kutak Rock LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Borough by George Botcheos, Esquire, West Berlin, New Jersey, Borough Solicitor.*

*It is expected that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about December 22, 2009.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment or other change without notice. The Borough has authorized the distribution of this Preliminary Official Statement for informational purposes only. Under no circumstances shall this Preliminary Official Statement 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 such offer, solicitation or sale would be unlawful under the laws of such jurisdiction.

**BOROUGH OF LAUREL SPRINGS  
COUNTY OF CAMDEN, NEW JERSEY**

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**Mayor and Borough Council**

**John Severson, Mayor  
Craig N. Leib  
Barbara Caccia  
Joseph Korn  
Thomas T. Reiley  
Richard J. McCunney  
Michael Cannon**

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**Chief Financial Officer  
Dean Ciminera**

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**Municipal Clerk  
Barbara M. Hawk**

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**Tax Collector  
Janice M. Gattone**

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**Solicitor  
George J. Botcheos, Esquire  
West Berlin, New Jersey**

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

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**Bond Counsel  
Kutak Rock LLP  
Philadelphia, Pennsylvania**

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**Paying Agent  
TD Bank, National Association  
Cherry Hill, New Jersey**

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THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO BUY, NOR SHALL THERE BY ANY SALE OF THE BONDS, IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER IN SUCH JURISDICTION. NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED HEREIN, IN CONNECTION WITH THE OFFERING OF THE BONDS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOROUGH OR ITS TAX BASE SINCE THE DATE HEREOF, OR THE DATE AS OF WHICH PARTICULAR INFORMATION IS GIVEN, IF EARLIER.

THE BONDS ARE NOT AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, IN RELIANCE UPON EXEMPTIONS CONTAINED IN THE ACT. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY FEDERAL, STATE, MUNICIPAL OR OTHER GOVERNMENTAL AGENCY WILL PASS UPON THE ACCURACY, COMPLETENESS OR ADEQUACY OF THIS OFFICIAL STATEMENT.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

TO ENSURE COMPLIANCE WITH TREASURY CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IS NOT INTENDED TO BE USED, AND CANNOT BE USED, BY A PURCHASER OF THE BONDS FOR THE PURPOSE OF AVOIDING FEDERAL TAX PENALTIES. EACH PURCHASER OF THE BONDS IS URGED TO CONTACT AN INDEPENDENT TAX ADVISOR CONCERNING AN INVESTMENT IN THE BONDS.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE BOROUGH AND THE PURCHASERS OR HOLDERS OF THE BONDS.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH ACTION OR ACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING YIELDS STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.**



## TABLE OF CONTENTS

### Page

GENERAL STATEMENT .....	1
AUTHORITY FOR ISSUANCE .....	1
PURPOSE OF THE BOND ISSUE .....	1
THE BONDS .....	1
-General .....	1
-Book-Entry-Only System .....	2
-Discontinuance of Book-Entry-Only System .....	4
-Optional Redemption.....	4
-Notice of Redemption.....	4
-Security for and Sources of Payment of the Bonds .....	5
CERTAIN PROVISIONS OF THE LAWS OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT.....	5
-Local Bond Law .....	5
-Local Fiscal Affairs Law .....	6
-Local Budget Law .....	6
-Miscellaneous Revenues.....	7
-Real Estate Taxes.....	8
-Deferral of Current Expenses .....	8
-Budget Transfers.....	8
-Capital Budget .....	8
-Related Constitutional and Statutory Provisions .....	8
-Rights and Remedies of Owners of Bonds .....	9
-Limitation of Remedies Under Federal Bankruptcy Code .....	9
TAXATION .....	10
-Procedure for Assessment and Collection of Taxes .....	10
-Tax Appeals.....	10
INFORMATION REGARDING THE BOROUGH OF LAUREL SPRINGS .....	10
-General .....	10
-Financial .....	11
LEGAL PROCEEDINGS .....	11
TAX MATTERS .....	11
-Certain General Federal Income Tax Considerations.....	11
-Treasury Circular 230 Disclosure.....	11
-Federal Tax Exemption .....	11
-New Jersey Tax Exemption .....	13
-Form of Bond Counsel Opinion .....	13
RATING .....	13
UNDERWRITING .....	14

## TABLE OF CONTENTS

### Page

LIMITED CONTINUING DISCLOSURE UNDERTAKING .....	14
LEGAL MATTERS... ..	14
PREPARATION OF OFFICIAL STATEMENT.....	14
CERTAIN REFERENCES.....	14
ADDITIONAL INFORMATION .....	15
APPENDIX A: CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE BOROUGH	
APPENDIX B: AUDITED FINANCIAL STATEMENTS	
APPENDIX C: FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX D: FORM OF BOND COUNSEL'S OPINION	

**OFFICIAL STATEMENT**  
**\$1,840,000**  
**BOROUGH OF LAUREL SPRINGS**  
**COUNTY OF CAMDEN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES OF 2009**

**GENERAL STATEMENT**

This Official Statement, including the cover page hereof and appendices hereto, has been prepared to provide information with respect to the \$1,840,000 General Obligation Bonds, Series of 2009 ("Bonds"), being issued by the Borough of Laurel Springs, County of Camden, New Jersey ("Borough").

The information contained herein relating to the Borough was furnished by the Borough unless otherwise indicated.

The Borough has pledged only its own credit and taxing power in respect to the Bonds, and has no power to pledge the credit or taxing power of the State of New Jersey ("State"), County of Camden ("County"), or any other political subdivision thereof, nor shall said State, County or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

**AUTHORITY FOR ISSUANCE**

The Borough is authorized to issue the Bonds pursuant to the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented ("Local Bond Law"), by virtue of a bond ordinances No. 690-2007, No. 703-2008, No. 704-2008, No. 705-2008 and No. 706-2008, duly and finally adopted by the Borough Council ("Council") on June 4, 2007, August 11, 2008, August 11, 2008, August 11, 2008, and August 11, 2008, respectively, and published as required by the Local Bond Law ("Prior Ordinances"), and bond ordinances of the Borough No. 714-2009, No. 715-2009, No. 716-2009, No. 717-2009, and No. 720-2009, duly and finally adopted on May 4, 2009, May 1, 2009, May 4, 2009, July 13, 2009, and October 19, 2009, respectively, and published as required by Local Bond Law ("New Money Ordinances"; together with the Prior Ordinances, sometimes hereinafter referred to collectively as, the "Ordinances").

**PURPOSE OF THE BOND ISSUE**

The Bonds are being issued to provide funds which, together with certain other funds of the Borough, will be used to: (i) permanently finance certain capital improvements in and for the Borough as set forth in the Ordinances, as hereinafter defined ("Improvements"); and (ii) pay certain costs of issuance of the Bonds. The Improvements to be financed with the Bonds include: (i) construction of a new fire station in the Borough; (ii) the undertaking and completion of the Borough's road program, comprised of the repair, paving, repaving, construction and reconstruction of various streets and roads in the Borough; (iii) the acquisition of a fire truck and a cascade system for the Borough Fire Department; (iv) the acquisition of vehicles for the Public Works Department; (v) the acquisition of equipment for the Borough's Police Department; (vi) improvements to various buildings in the Borough; (vii) improvements to the Borough streetscape; (viii) improvements to the Borough Sewer Utility; and (ix) the acquisition of office equipment for Borough administrative offices.

The Borough has temporarily financed the costs of certain of the Improvements through the issuance of several series of its bond anticipation notes, the latest of which are currently outstanding in the aggregate principal amount of \$332,450, which principal amount will be repaid at maturity on January 19, 2010, with a like amount of the proceeds of the Bonds.

**THE BONDS**

**General**

The Bonds will be issued in the aggregate principal amount of \$1,840,000, will be dated the date of delivery and will bear interest from that date. Interest on the Bonds will be payable semiannually on June 1 and December 1 in each year until maturity or earlier redemption, commencing June 1, 2010. ("Interest Payment

Dates"). The Bonds will mature on December 1 in the years and in the principal amounts, and bear interest at the rates, all as shown on the cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry-only form without coupons in denominations of \$5,000 or any integral multiple thereof. The principal of the Bonds is payable upon presentation and surrender thereof by the Registered Owner, or registered assigns, at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey as registrar and paying agent ("Paying Agent"). Interest on the Bonds is payable by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month preceding such an Interest Payment Date, at the address of such Registered Owner appearing on the registration books maintained by the Borough for such purpose at the offices of the Paying Agent, or at the duly designated office of any duly appointed alternate or successor Paying Agent in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants (as herein defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Borough or the Paying Agent. See "THE BONDS--Book-Entry-Only System" below.

The full text of the Ordinances and the Resolution, including the text of the Bonds, are on file at the principal corporate trust office of the Paying Agent and are available for inspection and copying thereat.

### **Book-Entry-Only System(1)**

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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 as set forth on the cover page hereof each 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 ("NSCC") 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,

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(1) Source: The Depository Trust Company

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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission ("SEC"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

Redemption notices 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 the interest of each Direct Participant in the Bonds 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough 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).

Payments of principal or redemption price of and interest with respect to 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 Borough 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 nor its nominee or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or Redemption Price of and interest with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Borough 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.

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 means Cede & Co., not the Beneficial Owners of the Bonds.

**NEITHER THE BOROUGH NOR THE DESIGNATED PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.**

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

### **Discontinuance of Book-Entry-Only System**

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the Borough for such purposes only upon the surrender thereof to the Borough together with the duly executed assignment in form satisfactory to the Borough; and (iii) for every exchange or registration of transfer of Bonds, the Borough may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month preceding an Interest Payment Date.

### **Optional Redemption**

The Bonds maturing on and after December 1, 2020 are subject to redemption prior to maturity at the option of the Borough, upon notice as set forth below, as a whole at any time or in part from time to time, on December 1, 2019, and on any date thereafter and, if in part, in such order of maturities and in such principal amount within any maturity as shall be determined by the Borough and within any maturity by lot, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, together with interest to the date fixed for redemption.

### **Notice of Redemption**

Notice of redemption, stating the redemption date, identifying the Bonds to be redeemed and further stating that from and after the redemption date interest on each Bond called for redemption shall cease to accrue, shall be given by the Paying Agent by mailing a copy of such notice of redemption by first class mail (postage prepaid) not more than forty-five (45) days and not less than thirty (30) days before the date of redemption to the registered owners of each Bond to be redeemed in whole or in part, at the address shown on the registration books. Failure to mail any such notice to any owner of a Bond, or any defect therein, shall not affect the validity of any proceeding for the redemption of any other Bonds. As long as DTC remains the sole registered owner of the Bonds, notice of redemption shall be sent to DTC as approved by the Borough in the Resolution. Any notice of redemption mailed in accordance with the aforementioned requirements shall be conclusively presumed to have been duly given, whether or not such owner receives the notice. If notice has been given and if the Borough deposits with the Paying Agent funds sufficient to pay the redemption price and interest to the redemption date for the Bonds, such redemption price, together with interest to the redemption date, shall be held by the Paying Agent and made available therefor on the redemption date. The Bonds so called for redemption shall cease to bear

interest after the specified redemption date, and thereafter the holders will be restricted to the funds so deposited with the Paying Agent.

### **Security for and Sources of Payment of the Bonds**

The full faith, credit and taxing power of the Borough are irrevocably pledged for the payment of the principal of and interest on the Bonds. All of the Bonds shall be direct, unlimited obligations of the Borough and the Borough shall be obligated to levy ad valorem taxes upon all taxable property located within the Borough for the payment of principal of and interest on the Bonds, without limitation as to rate or amount. See "CERTAIN PROVISIONS OF THE LAWS OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT" herein.

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

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

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

**Debt Limits** - The authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its equalized valuation basis. Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The equalized valuation basis of the Borough is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. The Borough is currently within its 3.5% debt limit.

The issuance of the Bonds will not cause the Borough to exceed its 3.5% debt limit.

**Exceptions to Debt Limits – Extensions of Credit** - The Borough 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 the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

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

**Short-Term Financing** – When approved by bond ordinance, the Borough may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

**School Debt** – Under state statute, school debt for the Borough must be authorized by resolution of the members of the local board of education and by the voters. State law restricts the amount of school debt which can be incurred by the Borough to 2.5% of average equalized valuation plus the remainder of any borrowing capacity not used by the Borough under its 3.5% limit. Should a proposed issue exceed those limits, it would require approval by the Local Finance Board.

**Issuance of Refunding Bonds** – Refunding Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, temporary emergency appropriations, advance funding of pension obligations as part of an early retirement program offered by the State, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the costs of issuance of refunding Bonds. The Local Finance Board must approve the authorization of the issuance of refunding bonds.

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

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Borough.

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

An independent examination of the Borough's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2008 is on file with the Borough Clerk and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities.

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

The Local Budget Law, Chapter 4 of Title 40A of the State Statutes, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by municipalities.

The Local Budget Law requires municipalities to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the municipality for the fiscal year and any mandatory payments required to be met during the fiscal year.

The Director historically was required to examine annual budgets with regard to all estimates of revenue and to appropriations for debt service, deferred charges and statutory expenditures, cash deficits, reserve for uncollected taxes and other reserves and non-disbursement items. No budget was permitted to be adopted unless the Director previously certified his approval thereof. However, in 1996 this requirement was amended to permit local examination, which entails the governing bodies and the chief financial officers assuming the roll of the Director. The local examination is available twice in every three years. For a municipality to be eligible for local examination it must satisfy certain criteria adopted by the Local Finance Board which include, but is not limited to (1) not having outstanding Fiscal Year Adjustment Bonds or Refunding Fiscal Year Adjustment Bonds, (2) not having been subject to a Division field audit in the previous fiscal year which resulted in negative findings, (3) not



currently or during the previous year been under supervision of the Local Finance Board pursuant to N.J.S.A. 52:27BB-1 et. seq., and (4) not jeopardizing the fiscal integrity or solvency of the municipality, in the opinion of the Director. Once eligibility is determined the municipality must satisfy additional criteria to qualify for local examination. To qualify for local examination, the chief financial officer must, along with certain other criteria, determine that the municipality did not exceed its debt limit as of the close of the previous year; that all emergencies approved for the previous year did not exceed 3% of total appropriations; that the tax collection rate of the previous year exceeded 90%; that the total of deferred charges did not equal or exceed 4% of the total tax levy; that there were no "agreed-upon procedural deficiencies" not performed by the Registered Municipal Accountant in the preparation of the Annual Financial Statement of the prior year; and that there was no operating deficit in the previous year. If all these conditions are met, then the governing body and the chief financial officer may assume the responsibilities of the Director with regard to the budget process.

Each municipality must include payment of debt service in its budget appropriations. The Director, or governing body and the Chief Financial Officer when local examination is selected, are required to examine such appropriations to determine whether they are properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

Under a provision in the Local Budget Law, commonly known as the "Cap Law", municipalities are prohibited from increasing their final appropriations by more than 2.5%, or the cost of living adjustment ("COLA"), whichever is less, over the previous year. However, such prohibition is subject to certain exceptions, which include additional increases for all debt service, amounts, if any, required for funding a preceding year's deficit; and expenditures funded by sources other than the local property tax. Should the COLA be equal to or less than 2.5%, the governing body may adopt an ordinance allowing it to increase its appropriations up to 3.5%. The "Cap Law" does not limit the obligation of the Borough to levy ad valorem taxes upon all taxable real property within the Borough to pay debt service on the Bonds. The COLA is equal to the Implicit Price Deflator for State and Local Government purchases.

Additionally, legislation constituting P.L. 2007, c. 62, became effective on April 3, 2007, which, among other things, imposes a four percent (4%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments. Fire districts and solid waste collection districts, which were not previously subject to any expenditure or levy caps, are now subject to the cap.

Exclusions from the four percent (4%) tax levy cap include: (i) increases required to be raised for debt service and certain lease payments to county improvement authorities; (ii) increases to replace certain State aid due to a reduction in State aid from the previous budget year; (iii) increases in certain pension contributions; (iv) for municipalities, any increase, greater than four percent (4%), in the reserve for uncollected taxes that is required by law; and (v) certain increases in health care costs in excess of four percent (4%). Municipalities, counties, fire districts and solid waste collection districts may request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the four percent (4%) cap to address certain extraordinary costs identified by N.J.S.A. 40A:4-45.46. In addition counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the four percent (4%) tax levy cap. Such approval must be achieved by an affirmative vote of not less than sixty percent (60%) of those voting on such public question.

### **Miscellaneous Revenues**

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year." Such determination may be made by the governing body and the chief financial officer in any year during which the municipality is subject to local examination.

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

## **Real Estate Taxes**

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

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year or the average of the previous three years in accordance with P.L. 2000, c. 126.

## **Deferral of Current Expenses**

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

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget and which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, drainage map preparation for flood control purposes, studies and planning necessary for the installation and construction of a sanitary sewer system, contractually required severance liabilities resulting from layoff or retirement of employees (under certain conditions), authorized expenses of a consolidation commission and preparation of a sanitary or storm systems map, which may be amortized over five years.

## **Budget Transfers**

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

## **Capital Budget**

The Local Finance Board of the State has prescribed that every local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

## **Related Constitutional and Statutory Provisions**

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature,

to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

### **Rights and Remedies of Owners of Bonds**

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty (60) days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board of the State Department of Community Affairs (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

### **Limitation of Remedies Under Federal Bankruptcy Code**

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

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

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

**THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL SUCH REFERENCES ARE QUALIFIED BY REFERENCE TO THE PARTICULAR CONSTITUTIONAL OR STATUTORY PROVISIONS IN THEIR ENTIRETY.**

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true value as arrived at by a cost approach, market data approach or capitalization of net income approach, whichever is most appropriate. Assessments for new construction are maintained on a like basis with established comparable properties. This method is designed to assure equitable treatment to like property owners. Because of the escalation of property resale values and the method of assessing new construction, the assessment ratio has increased to its present level of 53.18%. The last complete revaluation of property within the Borough was for the year 1992.

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

Usually, tax bills are mailed annually in June or July by the Borough. The taxes for the third and fourth quarters, due August 1 and November 1, respectively, are adjusted to reflect the calendar year's total tax liability. The taxes for the first and second quarters, due February 1 and May 1 of the succeeding year, are based upon one-half of the previous year's 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 of the delinquency and 18% per annum on any amounts in excess of \$1,500. These interest charges are the highest permitted under State Statutes. Additionally, a 6% penalty may be charged on any delinquency in excess of \$10,000 if not paid by the end of the year. Certain delinquent taxes are annually included in a tax sale in accordance with State Statutes. Tax liens are periodically assigned to the Solicitor for "in rem foreclosures" in order to acquire title to these properties.

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment. The taxpayer has a right to petition the Board of Taxation ("Tax Board") on or before the 1st day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## **INFORMATION REGARDING THE BOROUGH OF LAUREL SPRINGS**

### **General**

General information concerning the Borough, including statistical, demographic and other data, is set forth in Appendix "A" to this Official Statement.

## **Financial**

The audited financial statements of the Borough, prepared by Bowman & Company LLP, independent auditor of the Borough for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, are set forth in Appendix "B" to this Official Statement.

## **LEGAL PROCEEDINGS**

Upon delivery of the Bonds, the Borough shall furnish an opinion of its Solicitor, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature, pending or, to his knowledge, threatened, which would adversely affect the issuance, sale and delivery of the Bonds, or the validity of the Bonds or the levy or collection of any taxes to pay the principal of or interest on the Bonds. In addition, such opinion shall state that, to the Solicitor's knowledge, there is no litigation of any nature now pending or threatened by or against the Borough wherein an adverse judgment or ruling could have a material and adverse effect on the Borough's ability to meet its obligations on the Bonds. See also "LEGAL MATTERS" herein.

## **TAX MATTERS**

### **Certain General Federal Income Tax Considerations**

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the Bonds for the investors described below and is based on the advice of Kutak Rock LLP, Philadelphia, Pennsylvania, as Bond Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Tax Code of 1986, as amended (the "Tax Code"). Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

### **Treasury Circular 230 Disclosure**

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that: (a) any discussion of U.S. federal tax issues in this Official Statement is not intended or written by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers under the Tax Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

### **Federal Tax Exemption**

#### General.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including original issue discount treated as interest, if any) is excludable from gross income for federal income tax purposes and is not a specific preference item or included in adjusted current earnings for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the Borough with covenants designed to satisfy the requirements of the Tax Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Borough has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

#### Original Issue Discount.

Certain maturities of the Bonds may be issued at an initial public offering price which is less than the amount payable on such Bonds at maturity (collectively, the "Discount Bonds"). The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (other than "qualified stated interest") constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond, to the extent such amounts exceed the cost basis of the owners thereof as adjusted by the amount of original issue discount accrued on the Discount Bond up to the disposition date, will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (a) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discounted Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

#### Market Discount.

A purchaser (other than a person who purchases a Bond upon issuance at the issue price) who buys a Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount) will be subject to the market discount rules of the Tax Code. In general, the market discount rules of the Tax Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the Bonds.

#### Original Issue Premium.

Certain maturities of the Bonds may be issued at an initial public offering price which is in excess of the stated redemption price of such Bonds at maturity (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such

Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium, if any). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

#### Backup Withholding.

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Tax Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

#### Bank-Qualification

In the Resolution, the Borough (1) represented that it does not reasonably anticipate that it will issue more than \$30,000,000 of tax-exempt obligations in calendar year 2009 (excluding certain private activity bonds and refunding bonds) and (2) designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code. Accordingly, assuming the accuracy of said representation, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds that are subject to Section 265 of the Tax Code, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on the Bonds. Bond Counsel expresses no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

#### **New Jersey Tax Exemption**

In the opinion of Bond Counsel, interest on the Bonds and any gain from the sale thereof are not includable in gross income of the holders thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

#### **Form of Bond Counsel Opinion**

See Appendix D hereof for the proposed form of Bond Counsel opinion to be delivered on the date of issuance of the Bonds.

#### **RATING**

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "\_\_\_" to the Bonds.

The rating reflects only the views of Moody's and an explanation of the significance of such ratings may only be obtained only from Moody's. There can be no assurance that the rating will be maintained for any given period of time or that they may not be raised, lowered or withdrawn entirely if in Moody's judgment circumstances so warrant. Neither the Underwriter nor the Borough has taken any responsibility to maintain a given rating or to oppose any proposed downward revision in the rating of the Bonds. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ ("Underwriter"). The Underwriter has purchased the Bonds, in accordance with the Notice of Sale and Official Form of Proposal, at a price of \$\_\_\_\_\_. The Underwriter has represented that the Bonds are being offered for sale at the yields set forth on the cover page of this Official Statement.

## **LIMITED CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the provisions of Rule 15c2-12, as amended, ("Rule") promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, the Borough will, simultaneously with the issuance of the Bonds, enter into a Continuing Disclosure Agreement with TD Bank, National Association, Cherry Hill, New Jersey, as dissemination agent, substantially in the form set forth in Appendix "C" hereto.

The Borough's continuing disclosure undertaking is referred to by the Securities and Exchange Commission in the Rule's adoptive release as "limited", in that the Borough is required to provide annual financial information and notice of the occurrence of certain enumerated events (if material) to only the Municipal Securities Rulemaking Board.

The Bonds represent the second issuance of obligations by the Borough to which the provisions of the Rule apply. The Borough is in compliance with its previous undertaking.

## **LEGAL MATTERS**

At settlement of the sale and purchase of the Bonds, Kutak Rock LLP, Philadelphia, Pennsylvania, Bond Counsel to the Borough, will deliver its approving opinion substantially in the form included as Appendix D hereto. Certain legal matters will be passed on for the Borough by its Solicitor, George J. Botcheos, Esquire, West Berlin, New Jersey.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **PREPARATION OF OFFICIAL STATEMENT**

The firm of Bowman & Company LLP, Voorhees, New Jersey, Certified Public Accountants, compiled this Official Statement from information obtained from Borough management and various other sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix B hereto, to the extent specified in the Independent Auditor's Report.

## **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances and the Resolution and the Bonds and all references to other material not purported to be quoted in full are only general descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified by express reference to the provisions of the complete definitive documents in their entireties, copies of which will be furnished by the Borough upon request.

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



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

**ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement may be directed to Bowman & Company LLP, 601 White Horse Road, Voorhees, New Jersey 08043 at (856) 435-6200.

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

**BOROUGH OF LAUREL SPRINGS  
IN THE COUNTY OF CAMDEN,  
NEW JERSEY**

**By: \_\_\_\_\_  
John Severson, Mayor**

Dated: December \_\_, 2009

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**APPENDIX A**

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**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING  
TO THE BOROUGH OF LAUREL SPRINGS, NEW JERSEY**

## **GENERAL INFORMATION ON THE BOROUGH**

### **History**

In 1844 Laurel Springs was separated from Gloucester County and made a part of Clementon Township until 1913 when it was incorporated. Before 1877, when the railroad was built, three farms and a pasture formed the present boundaries of Laurel Springs.

Walt Whitman's Summer house at 315 E. Maple Avenue was one of the three houses existing in this area before 1877. Walt Whitman wrote "Leaves of Grass" and "Specimen Days" while a summer visitor to Laurel Springs.

Walt Whitman's house has been historically restored and is open to visitors on the weekends and during the Christmas Holidays. Band concerts are held there once a week during the summer months.

### **Government Structure**

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four year term. The Council consists of six members elected to three year terms. Executive and administrative responsibility rests with the Mayor, who is assisted by the Municipal Clerk.

### **Parks and Recreation**

The Borough has a large recreation complex which houses a little league field, baseball and softball fields, volleyball is played in the summer and fall months and tennis courts are available.

### **Police**

The Borough has a paid police department consisting of a Police Chief, two Sergeants, one Secretary and four full-time and one part-time officers. The police department is represented by a collective bargaining unit.

### **Public Works**

The Public Works department provides a wide variety of maintenance and operational functions relating to streets and roads, recycling and buildings and grounds. The Borough has an outside contractor for pick-up and removal of solid waste at curb side.

### **Water and Sewerage**

Water is supplied to the Borough by the New Jersey American Water Company. Sewer service is provided by the Laurel Springs Sewer Utility Department.

### **Laurel Springs Sewerage Authority**

The Borough Council of the Borough of Laurel Springs adopted an ordinance on December 17, 2007 to dissolve the Laurel Springs Sewerage Authority as of December 31, 2007.

On January 1, 2008 the Borough assumed all Authority assets and liabilities and established a Sewer Department that is responsible for providing Borough residents with sewer service.

## Borough Employees

	December 31,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Full-time	13	13	13	13	13
Part-time	<u>28</u>	<u>28</u>	<u>31</u>	<u>27</u>	<u>26</u>
Total	<u>41</u>	<u>41</u>	<u>44</u>	<u>40</u>	<u>39</u>

## Compensated Absences

Full-time employees are entitled to six paid sick leave days each year. Unused sick leave may be accumulated and carried forward to subsequent years by Police officers only, for sick time use, but not for compensation upon termination or retirement. The Borough does buy back unused sick leave at year end from other full-time employees. The maximum amount of vacation time that may be carried forward at year end is one week. The police contract stipulates that vacation time must be used prior to the police officers' employment anniversary in the subsequent year, while all other full-time employees' vacation time must be used prior to March 31 of the subsequent year.

The Borough does not record accrued expenses related to compensated absences.

## Pension Plans

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

## Insurance Programs

The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverages:

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles

## Employee Collective Bargaining Units

The Borough currently has only one employee collective bargaining unit. The following is a schedule of the employee collective bargaining unit, number of employees represented and date of expiration of current contract:

	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
Laurel Springs Police Officer's Association	7	12/31/2011

**Population (1)**

2007 Estimated Federal Census	1,902
2000 Federal Census	1,970
1990 Federal Census	2,341
1980 Federal Census	2,249
1970 Federal Census	2,566

**Selected Census 2000 Data for the Township(1)**

Median household income	\$52,500
Median family income	\$58,854
Per capita income	\$23,254

**Labor Force(2)**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Borough</b>					
Labor Force	1,122	1,124	1,154	1,131	1,198
Employment	1,067	1,082	1,107	1,089	1,133
Unemployment	55	41	46	42	66
Unemployment Rate	4.9%	3.7%	4.0%	3.7%	5.5%
<b>County</b>					
Labor Force	265,510	265,108	271,638	265,373	261,351
Employment	249,396	252,546	257,665	252,796	247,236
Unemployment	16,114	12,562	13,973	12,577	14,115
Unemployment Rate	6.1%	4.7%	5.1%	4.7%	5.4%
<b>State</b>					
Labor Force	4,496,700	4,466,300	4,518,000	4,430,400	4,388,000
Employment	4,251,200	4,276,600	4,309,000	4,235,900	4,176,200
Unemployment	245,500	189,700	209,000	194,400	211,800
Unemployment Rate	5.5%	4.2%	4.6%	4.4%	4.8%

**Business, Industry and Transportation**

The Borough is primarily a residential area with Bell Atlantic and MCI Telecommunications being the largest industry.

**Building, Zoning and Development Codes**

Minimum land requirements for residential development varies but range from 20,000 square feet to 7,800 square feet for single family detached units. There are also zones designated for townhouses and flats at higher densities. There is a minimum requirement of 20,000 square feet of ground for industrial buildings. Commercial zoning minimum land requirements vary.

There have been revisions to the codes which have added new commercial/business and office development opportunities. Other revisions have been adopted to permit flexibility in the design and construction of residential and commercial/industrial projects.

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

(2) Source: New Jersey Department of Labor

There are also subdivision and site plan ordinances which regulate the development of land in terms of required improvements. The Borough works with developers for business and industrial properties to assure that proposed developmental needs of the Borough and constraints of the site are all taken into consideration.

#### **Building Permits Issued(1)**

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Construction</u>
2009(2)	48	\$355,883
2008	78	2,329,091
2007	83	1,920,953
2006	97	1,056,467
2005	96	802,783
2004	106	644,727

#### **TEN LARGEST EMPLOYERS(3)**

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
A Clean Streak	Cleaning	30
Monkey Joe's	Peanut, etc. Manufacturer	20
Bell Atlantic	Utility – Phone	15
Hafer Holdings, LLC	Architect	13
Tiddlewinks	Day Care	12
Wayne Bommer, Inc.	Plumbing and Heating	11
McFadden Catering	Caterer	10
Nat Alexander	Fire Apparatus	9
Take Time, LLC	Gym	6
Citgo	Gas Station	6

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(1) Source: Borough Construction Office

(2) Through October 31, 2009

(3) Borough Officials

## GENERAL INFORMATION ON THE SCHOOL DISTRICT(1)

### Education

The Board of Education of the Borough consists of one elementary school, grades K-6. Students grades 7 and 8 attend Yellin School in Stratford. Students grades 9 through 12 attend Sterling Regional School District.

### School District Enrollments(1)

	<u>June 30,</u>				
<u>Grade</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Pre-Kind.	17	---	---	13	15
K	21	14	13	26	26
1	16	29	28	32	18
2	32	22	19	19	22
3	22	31	28	22	23
4	33	17	17	22	24
5	21	19	19	23	31
6	20	29	25	34	22
Special Education	<u>--</u>	<u>--</u>	<u>13</u>	<u>9</u>	<u>--</u>
Totals	<u>182</u>	<u>161</u>	<u>162</u>	<u>200</u>	<u>181</u>

### Present School Facilities, Enrollment and Capacity(1)

<u>Facilities</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment June 30, 2009</u>	<u>Functional Capacity</u>
Laurel Springs School	1915	1997	K-6	<u>182</u>	<u>235</u>

### Yellin School (Stratford) (1)(2)

	<u>October 15,</u>				
<u>Grade</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
7	21	26	22	28	20
8	27	23	28	21	23
Special Education	<u>5</u>	<u>12</u>	<u>12</u>	<u>13</u>	<u>10</u>
Totals	<u>53</u>	<u>61</u>	<u>62</u>	<u>62</u>	<u>53</u>

### Sterling Regional School District Enrollments (1)(2)

	<u>October 15,</u>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Total		<u>120</u>	<u>110</u>	<u>107</u>	<u>98</u>

(1) Source: School District Officials

(2) Borough of Laurel Springs residents only.

## **HIGHER EDUCATION FACILITIES**

### **Rutgers University-Camden Campus**

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. As of the Fall 2008, there were approximately 3,870 undergraduate students and 1,738 graduate students.

### **Camden County College**

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under a program of the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has campuses in Gloucester Township, Cherry Hill Township and the City of Camden.

As of the Spring of 2008, full time enrollment was 6,828 and part-time enrollment was 8,855.

### **Camden County Technical Schools**

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township.

For high school students, there are 34 career programs from which to choose. For the 2009-2010 school year, 1,277 students are enrolled at the Gloucester Township Campus, and 801 at the Pennsauken Campus. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education.

The Technical Institute, the adult division of CCTS, offers a wide range of day and evening career programs to 660 students. High school graduates, and in some programs, non-graduates, can pursue training essential to gain entry into agricultural, business, technical, trade, and health occupations. Most programs range from ten (10) months to two (2) years, and students are awarded a diploma upon successful completion and lifetime job placement assistance.

In addition to the facilities mentioned above, The Richard Stockton College of New Jersey, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Borough.



**CERTAIN TAX INFORMATION  
TEN LARGEST REAL PROPERTY TAXPAYERS(1)**

<u>Name</u>	<u>Type of Business</u>	<u>2009 Assessed Value</u>
Bell Atlantic	Communications	\$4,426,737
Laurel Springs Gardens	Apartments	1,450,000
MCI c/o Worldcom	Communications	769,600
Hudson United Bank	Banking	725,000
Nat Alexander Co	Fire Equipment	399,100
Cornerstone Bank	Office Space	384,800
Rakshak, LLC	Retail Establishment	362,000
Take Time, LLC	Gym	350,000
Sat-Raj, Inc	Gas Station-Convenience Store	308,100
Ball & Asso Enterprises, LLC	Convenience Store	273,600

**CURRENT TAX COLLECTIONS(2)**

<u>Year</u>	<u>Total Levy</u>	<u>Collected in Year of Levy</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2008	\$4,881,270	\$4,785,295	98.03%	\$93,589	1.92%
2007	4,626,382	4,501,282	97.29	123,628	2.67
2006	4,289,978	4,162,688	97.03	76,604	1.79
2005	3,733,908	3,671,758	98.33	60,372	1.62
2004	3,539,330	3,490,388	98.62	48,269	1.36

**DELINQUENT TAXES(2)**

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transferred To Liens</u>	<u>Other Credits</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percentage</u>			
2008	\$123,628	---	\$122,080	98.75%	---	---	\$1,548
2007	79,807	---	79,807	100.00	---	---	---
2006	64,592	---	58,994	91.33	---	\$2,395	3,203
2005	48,269	---	44,049	91.26	---	---	4,220
2004	76,990	---	73,070	94.91	---	3,920	---

**TAX TITLE LIENS(2)**

There were no tax title liens for the years 2008 through 2004.

(1) Source: Borough Tax Assessor's Office

(2) Source: Annual Reports of Audit

### FORECLOSED PROPERTY (1)(2)

<u>Year</u>	<u>Balance Dec. 31</u>
2008	\$551
2007	551
2006	551
2005	551
2004	551

### NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Tax Rate(3)</u>			
		<u>Total</u>	<u>County</u>	<u>Local School</u>	<u>Municipal</u>
2009	\$82,574,037	\$6.031	\$1.058	\$3.153	\$1.820
2008	82,452,800	5.906	1.165	3.080	1.661
2007	82,550,551	5.591	1.130	2.985	1.476
2006	84,435,931	5.076	1.195	2.642	1.239
2005	85,514,805	4.383	1.061	2.203	1.119

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

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>Full Value Per Capita</u>
2009	\$79,301,300	53.18%	\$149,118,654	\$78,401(5)
2008	78,760,800	51.99	151,492,210	79,649(5)
2007	78,502,200	53.64	146,350,112	76,945(5)
2006	79,987,300	60.07	133,156,817	69,353(6)
2005	79,758,300	66.83	119,345,055	62,159(6)

### REAL PROPERTY CLASSIFICATION(7)

<u>Assessed Value Land use</u>							
<u>Year</u>	<u>Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Farm</u>
2009	\$79,301,300	\$309,500	\$68,726,400	\$8,425,100	---	\$1,840,300	---
2008	78,760,800	365,000	68,178,400	8,377,100	---	1,840,300	---
2007	78,502,200	337,000	67,947,800	8,377,100	---	1,840,300	---
2006	79,987,300	384,000	67,839,900	9,923,100	---	1,840,300	---
2005	79,758,300	329,500	67,669,400	9,919,100	---	1,840,300	---

(1) Source: Annual Reports of Audit

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

(3) Per \$100 of assessed valuation

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

(5) Based upon Estimated Census 2007 of 1,902

(6) Based upon Estimated Census 2005 of 1,920

(7) Source: Borough Tax Assessor's Office

**BOROUGH OF LAUREL SPRINGS  
STATEMENT OF INDEBTEDNESS  
AS OF NOVEMBER 10, 2009**

The following table summarizes the direct debt of the Borough of Laurel Springs as of November 10, 2009 in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et.seq.). The gross debt comprises short and long-term debt issued, including General, Sewer Utility and debt of the Local School District. Deductions from gross debt to arrive at net debt include school debt, as well as, Sewer Utility debt and reserve for payment of Bonds. The resulting net debt of \$3,143,590 represents 2.19% of the average of equalized valuations for the Borough for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

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	<u>Debt Issued</u>		<u>Authorized but not Issued</u>	<u>Gross Debt</u>	<u>Deductions</u>			<u>Net Debt</u>
	<u>Bonds</u>	<u>Notes</u>			<u>School Debt</u>	<u>Self-Liquidating Debt</u>	<u>Reserve for Pmt of Bonds</u>	
General	\$1,303,350	\$332,450	\$1,507,790	\$3,143,590				\$3,143,590
Sewer Utility				-				-
School - Local	2,727,000			2,727,000	\$2,727,000			-
	<u>\$4,030,350</u>	<u>\$332,450</u>	<u>---</u>	<u>\$5,870,590</u>	<u>\$2,727,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,143,590</u>

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Source: Borough Auditor

## **DEBT RATIOS AND VALUATIONS(1)**

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2008, 2007 and 2006	\$143,666,380
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2008, 2007 and 2006	2.19%
2009 Net Valuation Taxable	\$82,574,037
2009 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$152,391,391
Gross Debt (2)	
As a Percentage of 2009 Net Valuation Taxable	7.11%
As a Percentage of 2009 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.85%
Net Debt (2)	
As a Percentage of 2009 Net Valuation Taxable	3.81%
As a Percentage of 2009 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.06%
Gross Debt per Capita (3)	\$3,087
Net Debt per Capita (3)	\$1,653

## **BOROUGH BORROWING CAPACITY(1)**

3 1/2% of Average (2006-08) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$143,666,380)	\$5,028,323
Net Debt	<u>3,143,590</u>
Remaining Borrowing Capacity	<u>\$1,884,733</u>

## **LOCAL SCHOOL DISTRICT BORROWING CAPACITY(1)**

2.5% of Average (2006-08) Equalized Valuation of Real Property with Improvements and Second Class Railroad Property (\$143,666,380)	\$3,591,660
Local School Debt	<u>2,727,000</u>
Remaining Borrowing Capacity	<u>\$ 864,660</u>

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(1) As of November 10, 2009.

(2) Excluding Overlapping Debt.

(3) Based upon Estimated Census 2007 of 1,902

**BOROUGH OF LAUREL SPRINGS**  
**OVERLAPPING DEBT AS OF DECEMBER 31, 2008**

**DEBT ISSUED**

	<u>Debt Outstanding</u>	<u>Deductions</u>		<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Camden(1):						
General:						
Bonds	\$ 29,337,812	\$ 11,904,735	(2)	\$ 17,433,077	\$ 62,759	(4) \$ 4,000,000
Loan Agreements	45,950,000			45,950,000	165,420	
Bonds Issued by Other Public Bodies Guaranteed by the County	804,362,154	804,362,154	(3)			
	<u>\$ 879,649,966</u>	<u>\$ 816,266,889</u>		<u>\$ 63,383,077</u>	<u>\$ 228,179</u>	<u>\$ 4,000,000</u>

(1) Source: County of Camden

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2008 Net Valuation on which  
County taxes are apportioned, which is .36%.

## **Camden County Municipal Utilities Authority**

The CCMUA is a public body politic and corporate of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County Board of Chosen Freeholders ("County Board") adopted December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the CCMUA pursuant to a resolution of the County Board adopted April 13, 1972. The CCMUA operates under the supervision of nine (9) commissioners who are appointed by the County Board for five (5) year staggered terms. The County has entered into a Deficiency Agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000 and (iii) the maintenance of reserves required under the Bond Resolution securing the CCMUA's bonds and notes. The obligation of the County, pursuant to the provisions of the Deficiency Agreement, is a direct and general obligation of the County, and any annual charges are ultimately payable by the County to meet its obligations under the Deficiency Agreement. To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement. The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligation of the County thereunder.

The CCMUA owns and operates a sewerage collection and treatment system, which serves all County residents connected to local sewer collection systems. The CCMUA's system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA's sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to maintain reserves and sinking funds therefore as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2008 for the CCMUA was \$479,159,211. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

## **Camden County Improvement Authority**

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2008 was \$332,274,256.

**DEBT SERVICE SCHEDULE(1)**  
**(BONDED DEBT ONLY)**

	<u>Present Debt(2)</u>			<u>New Issue</u>			<u>Grand</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
2009	\$75,000	\$20,927	\$95,927				
2010	155,000	54,980	209,980	\$80,000			
2011	155,000	47,749	202,749	85,000			
2012	155,000	40,517	195,517	90,000			
2013	175,000	33,286	208,286	95,000			
2014	100,000	25,005	125,005	100,000			
2015	100,000	20,755	120,755	105,000			
2016	130,000	16,505	146,505	110,000			
2017	130,000	10,980	140,980	125,000			
2018	128,350	5,455	133,805	130,000			
2019				140,000			
2020				150,000			
2021				150,000			
2022				160,000			
2023				160,000			
2024				160,000			
	<u>\$1,303,350</u>	<u>\$276,159</u>	<u>\$1,579,509</u>	<u>\$1,840,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(1) Source: Borough Auditor

(2) As of November 10, 2009.

**BOROUGH OF LAUREL SPRINGS  
2009 MUNICIPAL BUDGET(1)**

**CURRENT FUND**

Anticipated Revenues:	
Fund Balance	\$254,600
Miscellaneous Revenues:	
Local Revenues	126,000
State Aid Without Offsetting Appropriations	435,476
Dedicated Uniform Construction Code Fees Offset with Appropriations	18,000
Interlocal Muni. Service Agreements	11,900
Public and Private Revenues	90,468
Other Special Items of Revenue	28,000
Receipts from Delinquent Taxes	90,085
Amount to be Raised by Taxation for Municipal Purposes	<u>1,503,471</u>
 Total Anticipated Revenues	 <u><u>\$2,558,000</u></u>
 Appropriations:	
Within CAPS:	
Operations	\$1,555,200
Deferred Charges and Statutory Expenditures	187,185
Excluded from CAPS:	
Other Operations	2,800
Interlocal Municipal Service Agreements	88,500
Public and Private Programs Offset by Revenues	90,468
Capital Improvements	37,000
Debt Service	269,100
Deferred Charges	2,500
Transferred to Board of Education	60,009
Reserve for Uncollected Taxes	<u>265,238</u>
 Total Appropriations	 <u><u>\$2,558,000</u></u>

**SEWER UTILITY**

Anticipated Revenues:	
Fund Balance	\$38,000
Rents	<u>115,000</u>
 Total Sewer Utility Revenues	 <u><u>\$153,000</u></u>
 Appropriations:	
Operating	\$142,400
Statutory Expenditures	4,600
Debt Service	<u>6,000</u>
 Total Appropriations	 <u><u>\$153,000</u></u>

(1) As adopted on August 10, 2009



**CAPITAL PROGRAM**  
**PROJECTS SCHEDULED FOR THE YEARS 2009 - 2011(1)**

<u>Projects</u>	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-In Aid and Other Funds</u>	<u>Bonds and Notes</u>
				<u>General</u>
Acquisition of Vehicles and Equipment	\$161,000	\$8,050		\$152,950
Improvements to Buildings and Grounds	10,200	510		9,690
Construction and Reconstruction of Borough Roads	222,000	2,100	\$180,000	39,900
Demolition and Construction of Fire Station	560,000	28,000		532,000
Totals--All Projects	\$953,200	\$38,660	\$180,000	\$734,540

(1) As adopted on August 10, 2009

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## **APPENDIX B**

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### **AUDITED FINANCIAL INFORMATION**

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
Members of the Borough Council  
Borough of Laurel Springs  
Laurel Springs, New Jersey 08021

We have audited the accompanying statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Laurel Springs, in the County of Camden, State of New Jersey as of December 31, 2008, 2007, 2006, 2005 and 2004, and the related statements of operations and changes in fund balance--regulatory basis for the years then ended. These financial statements are the responsibility of the Borough's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects on the financial statements of the requirement that the Borough prepare its financial statements in accordance with the accounting practices discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Laurel Springs, in the County of Camden, State of New Jersey, as of December 31, 2008, 2007, 2006, 2005 and 2004, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Laurel Springs, in the County of Camden, State of New Jersey, as of December 31, 2008, 2007, 2006, 2005 and 2004, and the results of its operations and changes in fund balance--regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Respectfully submitted,

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

/s/ Kirk N. Applegate  
Certified Public Accountant  
Registered Municipal Accountant

Voorhees, New Jersey  
March 11, 2009

**BOROUGH OF LAUREL SPRINGS**  
**CURRENT FUND**  
Statements of Assets, Liabilities, Reserves  
and Fund Balance--Regulatory Basis

<u>ASSETS</u>	As of December 31,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Regular Fund:					
Cash	\$ 529,321.68	\$ 485,786.10	\$ 703,868.27	\$ 508,135.99	\$ 604,595.21
Cash--Police Petty Cash Fund	100.00				
Cash--Change Fund	300.00	300.00	300.00	300.00	300.00
	<u>529,721.68</u>	<u>486,086.10</u>	<u>704,168.27</u>	<u>508,435.99</u>	<u>604,895.21</u>
Receivables with Full Reserves:					
Delinquent Property Taxes	95,136.41	123,627.56	79,807.01	64,591.78	48,269.13
Property Acquired for Taxes-- Assessed Valuation	551.00	551.00	551.00	551.00	551.00
Revenue Accounts Receivable	7,119.73	9,993.90	6,864.94	6,178.92	4,286.59
Due from Federal and State Grant Fund	61,046.77	14,462.98		9,357.61	
Due from Trust - Animal Control Fund	25.03	22.44		2,886.15	4,319.38
Due from Trust--Other Funds			28,456.46	30,545.29	1,229.92
Due from Borough of Stratford	1,500.00				
Due from Borough of Somerdale	1,500.00				
Due from General Capital Fund				10,025.19	
	<u>166,878.94</u>	<u>148,657.88</u>	<u>115,679.41</u>	<u>124,135.94</u>	<u>58,656.02</u>
Deferred Charges:					
Special Emergency Authorization	2,500.00	5,000.00	7,500.00	10,000.00	12,500.00
	<u>699,100.62</u>	<u>639,743.98</u>	<u>827,347.68</u>	<u>642,571.93</u>	<u>676,051.23</u>
Federal and State Grant Fund:					
Cash	---	---	---	---	23,010.70
Due Current Fund			11,247.30		
Federal and State Grants Receivable	179,990.62	142,200.62	62,596.47	86,022.47	36,022.47
	<u>179,990.62</u>	<u>142,200.62</u>	<u>73,843.77</u>	<u>86,022.47</u>	<u>59,033.17</u>
	<u>\$ 879,091.24</u>	<u>\$ 781,944.60</u>	<u>\$ 901,191.45</u>	<u>\$ 728,594.40</u>	<u>\$ 735,084.40</u>

**BOROUGH OF LAUREL SPRINGS**  
**CURRENT FUND**  
Statements of Assets, Liabilities, Reserves  
and Fund Balance--Regulatory Basis

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	As of December 31,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Regular Fund:					
Liabilities:					
Appropriation Reserves	\$ 46,705.08	\$ 22,894.64	\$ 31,242.23	\$ 23,568.13	\$ 14,514.05
Reserve for Encumbrances	21,375.28	2,370.11	10,524.86	3,167.08	9,044.80
Due to State of New Jersey--Senior Citizens' and Veterans' Deductions	10,288.33	9,236.97	7,288.33	7,959.56	8,067.78
Due State of New Jersey--State Training Fees	787.00	594.00	69.00	325.00	110.00
Prepaid Taxes	12,637.52	22,327.69	15,764.11	8,996.33	8,780.43
Due to State of New Jersey-- Marriage License Fees	50.00	100.00	25.00	50.00	50.00
Due County for Added and Omitted Taxes	2,302.71	2,219.25	944.06	848.82	2,129.76
Local School Tax Payable				90,916.02	
Reserve for Sale of Municipal Assets	2,548.00	2,548.00	2,548.00	2,548.00	2,548.00
Reserve for Revision and Codification of Ordinances	2,270.00	2,270.00	2,270.00	2,270.00	5,680.00
Tax Overpayments	1,835.78	5,733.28			1,153.91
Due to Borough Employees		2,456.42			
Due Federal and State Grant Fund			11,247.30		
Due to Trust--Other Funds:	49,968.08	50,176.34	50,219.58		
Community Development Block Grant Fund				48,409.00	24,125.00
Public Defender				19.84	167.25
Parking Offenses Adjudication Act				12.00	4.00
Due to General Capital Fund			234,315.60		72,285.70
	150,767.78	122,926.70	366,458.07	189,089.78	148,660.68
Reserves for Receivables and Other Assets	166,878.94	148,657.88	115,679.41	124,135.94	58,656.02
Fund Balance	381,453.90	368,159.40	345,210.20	329,346.21	468,734.53
	699,100.62	639,743.98	827,347.68	642,571.93	676,051.23
Federal and State Grant Fund:					
Due Current Fund	61,046.77	14,462.98		9,357.61	
Reserve for Encumbrances	100.00	1,120.00	1,094.75	3,579.31	
Reserve for State and Federal Grants:					
Unappropriated		1,806.83	6,492.86	8,117.54	1,806.83
Appropriated	118,843.85	124,810.81	66,256.16	64,968.01	57,226.34
	179,990.62	142,200.62	73,843.77	86,022.47	59,033.17
	\$ 879,091.24	\$ 781,944.60	\$ 901,191.45	\$ 728,594.40	\$ 735,084.40

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

**BOROUGH OF LAUREL SPRINGS**  
**CURRENT FUND**  
 Statements of Operations and Changes in  
 Fund Balance -- Regulatory Basis

	For the Years Ended December 31,				
	2008	2007	2006	2005	2004
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 249,000.00	\$ 240,000.00	\$ 200,000.00	\$ 310,000.00	\$ 300,000.00
Miscellaneous Revenues Anticipated	816,951.25	1,028,768.12	886,205.52	943,875.83	741,192.49
Receipts from Delinquent Taxes	122,079.69	79,807.01	58,994.22	44,049.46	73,069.90
Receipts from Current Taxes	4,785,295.47	4,501,282.43	4,162,687.64	3,671,757.97	3,490,387.69
Non-Budget Revenue	57,571.40	64,996.80	83,769.21	60,843.56	75,055.05
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	16,979.54	30,845.09	24,209.11	15,049.63	19,770.90
Cancellation of Appropriated Reserve	1,806.83				
Liquidation of Reserve for:					
Due from Trust--Animal Control Fund			2,886.15	1,433.23	
Due from Trust--Other Fund		28,456.46	2,158.04		
Due from General Capital Fund			10,025.19		
Due from Federal and State Grant Fund			9,357.61		
Prepaid Local District School Tax					79,433.00
Total Income	6,049,684.18	5,974,155.91	5,440,292.69	5,047,009.68	4,778,909.03
<u>Expenditures</u>					
Budget and Emergency Appropriations:					
Operations--Within "CAPS":					
Salaries and Wages	898,000.00	863,900.00	831,000.00	801,346.26	626,936.00
Other Expenses	683,258.00	650,384.00	472,600.00	462,444.99	456,676.92
Deferred Charges and Statutory Expenditures--					
Within "CAPS"	73,785.79	71,400.00	67,300.00	66,673.23	59,100.00
Operations--Excluded from "CAPS":					
Salaries and Wages	1,806.83	10,400.00	40,932.87	39,400.00	143,532.21
Other Expenses	334,210.50	336,879.44	356,807.91	340,851.56	273,613.76
Capital Improvements Excluded from "CAPS"	10,000.00	10,000.00	20,000.00	175,000.00	2,194.00
Municipal Debt Service	232,535.56	353,356.53	171,476.26	160,408.61	150,064.24
Deferred Charges and Statutory Expenditures					
Municipal--Excluded from "CAPS"	2,500.00	2,500.00	2,500.00	2,500.00	
County Taxes	959,184.41	931,758.07	1,007,874.39	901,999.89	892,496.08
Due County for Added Taxes	2,302.71	2,219.25	944.06	848.82	2,129.76
Local District School Tax	2,540,219.50	2,463,924.00	2,231,009.00	1,875,685.50	1,784,769.50
Reserves Created:					
Due from Federal and State Grant Fund	46,583.79	14,462.98		9,357.61	
Due from Trust--Animal Control Fund	2.59	22.44			4,145.70
Due from Trust--Other			69.21		
Due from Trust Other -- Payroll				27,039.70	1,010.52
Due from Outside Employment of Off-Duty Mun. Police Officers				0.13	
Due from Trust Other -- Recreation Commission				2,275.54	219.40
Due from General Capital Fund				10,025.19	
Due from Borough of Stratford	1,500.00				
Due from Borough of Somerdale	1,500.00				
Refund of Prior Year Revenue			21,915.00	540.97	4,737.90
Total Expenditures	5,787,389.68	5,711,206.71	5,224,428.70	4,876,398.00	4,401,625.99
Excess in Revenues	262,294.50	262,949.20	215,863.99	170,611.68	377,283.04
Adjustments to Income before Surplus:					
Expenditures included above which are by Statute Deferred					
Charges to Budget of Succeeding Year	-	-	-	-	12,500.00
Statutory Excess to Surplus	262,294.50	262,949.20	215,863.99	170,611.68	389,783.04
Fund Balance Jan. 1	368,159.40	345,210.20	329,346.21	468,734.53	378,951.49
	630,453.90	608,159.40	545,210.20	639,346.21	768,734.53
Decreased by:					
Utilized as Revenue	249,000.00	240,000.00	200,000.00	310,000.00	300,000.00
Balance Dec. 31	\$ 381,453.90	\$ 368,159.40	\$ 345,210.20	\$ 329,346.21	\$ 468,734.53

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

**BOROUGH OF LAUREL SPRINGS**  
**TRUST FUND**  
Statements of Assets, Liabilities, and Reserves--Regulatory Basis

	As of December 31,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>					
Animal Control Fund:					
Cash	\$ 926.75	\$ 251.48	\$ 200.36	\$ 2,890.15	\$ 3,646.15
Interfunds Receivable				57.40	
Deferred Charges:					
Deficit in Reserve for Animal Control Fund Expenditures					673.23
	926.75	251.48	200.36	2,947.55	4,319.38
Other Funds:					
Cash--Treasurer	59,539.81	68,796.99	79,943.52	84,043.51	40,089.92
Cash--Collector	10.50	10.50	10.50	10.50	1,010.50
Community Development Block Grant Receivable	18,402.42	18,402.42	18,402.42	20,201.00	24,284.00
Due from Current Fund	49,968.08	50,176.34	21,763.12	48,440.84	24,296.25
	127,920.81	137,386.25	120,119.56	152,695.85	89,680.67
	<u>\$ 128,847.56</u>	<u>\$ 137,637.73</u>	<u>\$ 120,319.92</u>	<u>\$ 155,643.40</u>	<u>\$ 94,000.05</u>
<b><u>LIABILITIES AND RESERVES</u></b>					
Animal Control Fund:					
Reserve for Animal Control Fund Expenditures	\$ 878.92	\$ 218.24	\$ 200.36	\$ 61.40	
Due to State	22.80	10.80			
Due to Current Fund	25.03	22.44		2,886.15	\$ 4,319.38
	926.75	251.48	200.36	2,947.55	4,319.38
Other Funds:					
Reserve for Tax Title Lien Redemption	10.50	10.50	10.50	10.50	10.50
Premiums Received at Tax Sale					1,000.00
Payroll Deductions Payable	14,806.84	14,856.79	11,103.84	19,812.62	9,576.66
Reserve for New Jersey Unemployment Compensation Insurance Trust Fund	21,766.58	18,920.79	19,158.09	19,011.09	17,954.68
Reserve for Disposal of Forfeited Property	1,834.96	4,253.97	2,968.96	263.58	263.58
Reserve for Planning Board Escrow Deposits	7,814.04	4,521.33	1,021.33	1,270.61	1,160.36
Reserve for Parking Offenses Adjudication Act	81.00	50.00	48.00	48.00	40.00
Reserve for Community Development Block Grant	20,201.00	20,201.00	20,201.00	20,201.00	
Reserve for Recreation Commission	6,056.46	9,070.94	9,456.91	6,116.09	5,792.37
Reserve for Recreation Center Deposits			1,100.00	450.00	
Reserve for Police Donations	17.50	17.50	17.50	2,061.00	
Statement of Reserve for Outside Employment of Off-Duty Municipal Police Officers	3,679.76	14,504.76	4,829.76	2,690.00	2,301.10
Due to Criminal Disposition and Review Collection Fund		1,307.17			
Reserve for Public Defender	2,605.67	625.00	1,157.17	1,012.17	762.17
Reserve for Street Opening Deposits	637.50	637.50	637.50	637.50	637.50
Reserve for Field Deposits				100.00	100.00
Accounts Payable					442.83
Due to Current Fund:					
Payroll				28,050.22	1,010.52
Outside Employment of Off-Duty Municipal Police Officers				0.13	
Recreation Commission				2,494.94	219.40
Due to Animal Control Fund -- Recreation				57.40	
Due to General Capital Fund	48,409.00	48,409.00	48,409.00	48,409.00	48,409.00
	127,920.81	137,386.25	120,119.56	152,695.85	89,680.67
	<u>\$ 128,847.56</u>	<u>\$ 137,637.73</u>	<u>\$ 120,319.92</u>	<u>\$ 155,643.40</u>	<u>\$ 94,000.05</u>

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



**BOROUGH OF LAUREL SPRINGS**  
**GENERAL CAPITAL FUND**  
Statement of Assets, Liabilities, Reserves, and Fund Balance  
Regulatory Basis

	As of December 31,				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>					
Cash	\$ 563,526.72	\$ 492,101.06	\$ 1,320,888.33	\$ 382,627.37	\$ 163,189.94
Deferred Charges to Future Taxation					
Funded	1,378,350.00	1,518,350.00	1,658,350.00	600,000.00	675,000.00
Unfunded	376,450.00	163,875.00	140,000.00	896,100.00	464,600.00
New Jersey Transportation Trust Fund Receivable	92,135.00	38,000.00		8,660.62	8,660.62
Due from Current Fund			234,315.60		72,285.70
Federal - SAFETEA-LU Grant Receivable	477,000.00				
Due from Trust -Other Fund	48,409.00	48,409.00	48,409.00	48,409.00	48,409.00
	<u>\$ 2,935,870.72</u>	<u>\$ 2,260,735.06</u>	<u>\$ 3,401,962.93</u>	<u>\$ 1,935,796.99</u>	<u>\$ 1,432,145.26</u>
<b><u>LIABILITIES, RESERVES</u></b>					
<b><u>AND FUND BALANCE</u></b>					
General Serial Bonds	\$ 1,378,350.00	\$ 1,518,350.00	\$ 1,658,350.00	\$ 600,000.00	\$ 675,000.00
Bond Anticipation Notes	376,450.00	163,875.00	1,273,350.00	896,100.00	464,600.00
Due to Current Fund				10,025.19	
Reserve for Payment of Bonds	28,242.12		119,270.12	46,731.32	96,731.32
Reserve for Payment of Notes					33,739.16
Improvement Authorizations					
Funded	721,531.70	277,224.80	207,082.92	5,189.18	5,189.18
Unfunded	298,451.90	70,823.60	90,500.00	354,203.97	69,760.79
Reserve for Encumbrances			30,174.35	12,512.55	3,831.39
Contracts Payable	127,820.00	223,286.66	17,435.54	10,484.78	82,743.42
Capital Improvement Fund	5,025.00	7,175.00	5,800.00	550.00	550.00
	<u>\$ 2,935,870.72</u>	<u>\$ 2,260,735.06</u>	<u>\$ 3,401,962.93</u>	<u>\$ 1,935,796.99</u>	<u>\$ 1,432,145.26</u>

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

**BOROUGH OF LAUREL SPRINGS**  
**SEWER UTILITY FUND**  
Statement of Assets, Liabilities, Reserves and Fund Balance -  
Regulatory Basis

	<u>As of December 31,</u> <u>2008 (1)</u>
<b><u>ASSETS</u></b>	
Operating Fund:	
Cash--Treasurer	\$ 242,274.06
Receivables with Full Reserves:	
Water and Sewer Rents	<u>13,150.01</u>
Total Operating Fund	<u>255,424.07</u>
Capital Fund:	
Cash - Treasurer	60,000.00
Fixed Capital	504,027.89
Fixed Capital Authorized and Uncompleted	<u>60,000.00</u>
Total Capital Fund	<u>624,027.89</u>
	<u><u>\$ 879,451.96</u></u>
<b><u>LIABILITIES, RESERVES</u></b>	
<b><u>AND FUND BALANCE</u></b>	
Operating Fund:	
Liabilities:	
Appropriation Reserves	\$ 31,409.59
Payroll Deductions Payable	<u>6.14</u>
	<u>31,415.73</u>
Reserve for Receivables	13,150.01
Fund Balance	<u>210,858.33</u>
Total Operating Fund	<u>255,424.07</u>
Capital Fund:	
Bond Anticipation Note Payable	60,000.00
Accrued Interest on Bonds, Loans & Notes	375.00
Improvement Authorizations:	
Unfunded	59,625.00
Reserve for Amortization	<u>504,027.89</u>
Total Capital Fund	<u>624,027.89</u>
	<u><u>\$ 879,451.96</u></u>

(1) The Authority was dissolved on January 1, 2008, this is the first year.

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

**BOROUGH OF LAUREL SPRINGS**  
**SEWER UTILITY FUND**  
Statement of Operations and Changes in Fund Balance -  
Regulatory Basis

<u>Revenue and Other</u> <u>Income Realized</u>	<u>For the Year Ended December 31,</u> <u>2008 (1)</u>
Fund Balance Utilized	\$ 50,800.00
Sewer Rents	121,149.00
Connection Fees	500.00
Miscellaneous	<u>8,064.39</u>
Total Income	<u>180,513.39</u>
<u>Expenditures</u>	
Budget Appropriations:	
Operating	150,800.00
Statutory Expenditures	<u>4,000.00</u>
Total Expenditures	<u>154,800.00</u>
Statutory Excess to Fund Balance	25,713.39
Adjustments to Income Before Fund Balance:	
Expenditures included above which are by Statute	
Deferred Charges to Budget of Succeeding Year	<u>-</u>
	<u>25,713.39</u>
<u>Fund Balance</u>	
Balance Jan. 1	<u>-</u>
	25,713.39
Adjustment:	
Fund Balance Acquired Upon Dissolution of Sewerage Authority	<u>235,944.94</u>
	261,658.33
Decreased by:	
Utilization in Budget	<u>50,800.00</u>
Balance Dec. 31	<u><u>\$ 210,858.33</u></u>

(1) The Authority was dissolved on January 1, 2008, this is the first year.

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

**BOROUGH OF LAUREL SPRINGS**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2008**

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Note 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Financial Reporting Entity** - The Borough of Laurel Springs was incorporated in 1913 and is located in southwest New Jersey approximately ten miles southeast of the City of Philadelphia. The population according to the 2000 census is 1,970.

The Borough has a Mayor-Council form of government where the Mayor is separately elected to a four-year term. Executive and administrative responsibility rests with the Mayor, who is assisted by the Borough Clerk.

**Component Units** - The Borough of Laurel Springs had no component units as defined by Governmental Accounting Standards Board Statement No. 14.

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

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

**Current Fund** - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

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

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

**Sewer Utility Operating and Capital Funds** - The Sewer Utility Operating and Capital Funds account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

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

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

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

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

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

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

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

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

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

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

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

**General Fixed Assets** - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$1,000, less than the \$5,000.00 maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

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

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

**Foreclosed Property** - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

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

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

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

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

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

**School Taxes** - The municipality is responsible for levying, collecting and remitting school taxes for the Borough of Laurel Springs School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

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

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

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

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

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

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

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

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

Note 2: **CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned to it. Although the Borough does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the Borough's bank balance of \$1,476,705.62 as of December 31, 2008, \$100,000.00 was insured by the Federal Deposit Insurance Corporation, and \$1,376,705.62 was collateralized under the Governmental Unit Deposit Protection Act.

Note 3: **PROPERTY TAXES**

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

**Comparative Schedule of Tax Rates**

	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Tax Rate	<b><u>\$5.906</u></b>	<b><u>\$5.591</u></b>	<b><u>\$5.076</u></b>	<b><u>\$4.383</u></b>	<b><u>\$4.129</u></b>
Apportionment of Tax Rate:					
Municipal	\$1.661	\$1.476	\$1.239	\$1.119	\$ .997
County	1.165	1.130	1.195	1.061	1.044
Local School	3.080	2.985	2.642	2.203	2.088

**Assessed Valuation**

2008	\$82,452,800.00
2007	82,550,551.00
2006	84,435,931.00
2005	85,110,694.00
2004	85,514,805.00



Note 3: **PROPERTY TAXES (CONT'D)****Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2008	\$4,881,270.03	\$4,785,295.47	98.03%
2007	4,626,381.83	4,501,282.43	97.29%
2006	4,289,977.91	4,162,687.64	97.03%
2005	3,733,908.37	3,671,757.97	98.33%
2004	3,539,329.85	3,490,387.69	98.62%

**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>
2008	-	\$95,136.41	\$95,136.41	1.95%
2007	-	123,627.56	123,627.56	2.67%
2006	-	79,807.01	79,807.01	1.86%
2005	-	64,591.78	64,591.78	1.73%
2004	-	48,269.13	48,269.13	1.36%

Note 4: **PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

<u>Year</u>	<u>Amount</u>
2008	\$551.00
2007	551.00
2006	551.00
2005	551.00
2004	551.00

Note 5: **FUND BALANCES APPROPRIATED**

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b><u>Current Fund</u></b>			
2008	\$ 381,453.90	\$ 252,600.00*	66.22%
2007	368,159.40	249,000.00	67.63%
2006	345,210.20	240,000.00	69.52%
2005	329,346.21	200,000.00	60.73%
2004	468,734.53	310,000.00	66.14%
<b><u>Sewer Utility Operating Fund</u></b>			
2008	\$210,858.33	\$38,000.00*	18.02%

\* As introduced on April 6, 2009.

Note 6: **INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2008:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$61,071.80	\$49,968.08
Trust-- Other Funds	49,968.08	48,409.00
General Capital Fund	48,409.00	--
Animal Control Fund	--	25.03
Federal & State Grant Fund	--	61,046.77
	<u>\$159,448.88</u>	<u>\$159,448.88</u>

Note 7: **PENSION PLANS**

The Borough of Laurel Springs contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Public Employees' Retirement System** - The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

**Public Employees Retirement System (1)**

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2008	\$15,573.00	\$12,001.00	\$27,574.00	\$5,514.80	\$22,059.20
2007	14,305.00	7,428.00	21,733.00	8,693.20	13,039.80
2006	11,912.00	3,277.00	15,189.00	9,113.40	6,075.60

**Police and Firemen's Retirement System** - The PFRS was established in 1944. The PFRS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:16A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement System are required to contribute 8.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Borough is billed annually for its normal contribution plus any accrued liability. These contributions, equal to the required contributions, were as follows:

Note 7: **PENSION PLANS (CONT'D)****Police and Firemen's Retirement System**

<u>Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by Borough</u>
2008	\$47,780.00	\$22,744.00	\$70,524.00	\$ -	\$ 70,524.00
2007	37,186.00	15,119.00	52,305.00	10,461.00	41,844.00
2006	32,233.00	9,886.00	42,119.00	16,847.60	25,271.40

The accrued liability for employees in the Public Employees Retirement System as of December 31, 2008 was \$14,232.00. The accrued liability for employees in the Police and Firemen's Retirement System as of December 31, 2008 was \$26,535.00.

(1) Under the provisions of Chapter 108, P.L. 2003 the Borough's share of the total normal contribution and accrued liability will increase approximately 20% per year until the Borough is paying 100% of the total normal contribution and accrued liability.

Note 8: **COMPENSATED ABSENCES**

Full-time employees are entitled to six paid sick leave days each year. Unused sick leave may be accumulated and carried forward to subsequent years by Police officers only, for sick time use, but not for compensation upon termination or retirement. The Borough does buy back unused sick leave at year end from other full-time employees. The maximum amount of vacation time that may be carried forward at year end is one week. The police contract stipulates that vacation time must be used prior to the police officers' employment anniversary in the subsequent year, while all other full-time employees' vacation time must be used prior to March 31 of the subsequent year.

The Borough does not record accrued expenses related to compensated absences.

Note 9: **LEASE OBLIGATIONS**

At December 31, 2008, the Borough had lease agreements in effect for the following:

Operating:

2004 Ford Expedition  
(2) Copy Machines

The following is an analysis of operating leases.

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2009	\$4,780.14
2010	1,586.04

Payments under operating leases for the year ended December 31, 2008 totaled \$10,660.91.

Note 10: **CAPITAL DEBT****Summary of Debt**

	<b><u>Year 2008</u></b>	<b><u>Year 2007</u></b>	<b><u>Year 2006</u></b>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$1,754,800.00	\$1,682,225.00	\$2,931,700.00
Sewer Utility:			
Bonds and Notes	60,000.00		
Total Issued	<u>1,814,800.00</u>	<u>1,682,225.00</u>	<u>2,931,700.00</u>
Deductions:			
Funds Temporarily Held			
To Pay Bonds & Notes	28,242.12		1,252,620.12
Self Liquidating Debt	60,000.00		
Total Deductions	<u>88,242.12</u>	<u>-</u>	<u>1,252,620.12</u>
Net Debt	<u>\$1,726,557.88</u>	<u>\$1,682,225.00</u>	<u>\$1,679,079.88</u>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 1.20%.

	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
Local School District	\$2,827,000.00	\$2,827,000.00	
Sewer Utility	60,000.00	60,000.00	
General	<u>1,754,800.00</u>	<u>28,242.12</u>	<u>\$1,726,557.88</u>
	<u>\$4,641,800.00</u>	<u>\$2,915,242.12</u>	<u>\$1,726,557.88</u>

Net Debt \$1,726,557.88 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$143,666,379.67 equals 1.20%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$5,028,323.28
Net Debt	<u>1,726,557.88</u>
Remaining Borrowing Power	<u>\$3,301,765.40</u>

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

Note 10: **CAPITAL DEBT (CONT'D)****Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding**

<u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 150,000.00	\$ 62,011.13	\$ 212,011.13
2010	155,000.00	54,979.88	209,979.88
2011	155,000.00	47,748.63	202,748.63
2012	155,000.00	40,517.38	195,517.38
2013	175,000.00	33,286.13	208,286.13
2014-18	588,350.00	78,699.40	667,049.40
	<u>\$1,378,350.00</u>	<u>\$317,242.50</u>	<u>\$1,695,592.50</u>

Note 11: **DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the following deferred charge is shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

	<u>Balance Dec. 31, 2008</u>	<u>2009 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$2,500.00	\$2,500.00

The appropriation in the 2009 Budget as introduced is not less than that required by the statutes.

Note 12: **JOINT INSURANCE POOL**

The Borough of Laurel Springs is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation and Employer's Liability  
Liability other than Motor Vehicles  
Property Damage other than Motor Vehicles  
Motor Vehicles

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

The Borough's agreement with the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance for claims in excess of \$500,000 for each insured event.

The Fund publishes its own financial report for the year ended December 31, 2008, which can be obtained from:

Camden County Municipal Joint Insurance Fund  
Park 80 West, Plaza One  
Saddle Brook, New Jersey 07663

Note 13: **NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE**

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

<u>Year</u>	<u>Borough Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2008	None	\$889.11	\$21,766.58
2007	None	1,484.60	18,920.79
2006	None	1,260.25	19,158.09

Note 14: **CHANGE IN REPORTING ENTITY**

During 2007, the Borough Council adopted an Ordinance which dissolved the Laurel Springs Sewerage Authority. The plan of dissolution was subsequently approved by the Local Finance Board. On January 1, 2008, the Borough of Laurel Springs commenced operations of a self-liquidating sewer utility and established a Sewer Utility Fund.

The following schedule represents the assets, liabilities and net assets of the Laurel Springs Sewerage Authority as of December 31, 2007, the date the Authority ceased operations, and the adjustments that were required to transfer balances to the Borough's Sewer Utility Fund as of that date.

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**APPENDIX C**

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**FORM OF CONTINUING DISCLOSURE AGREEMENT**



## Appendix C

**Borough of Laurel Springs  
County of Camden, New Jersey  
\$1,840,000, aggregate principal amount  
General Obligation Bonds, Series of 2009**

### CONTINUING DISCLOSURE AGREEMENT

This **Continuing Disclosure Agreement** ("Disclosure Agreement") is executed and delivered as of this \_\_\_\_ day of \_\_\_\_\_, 2009, by and between the **BOROUGH OF LAUREL SPRINGS, County of Camden, New Jersey** ("Borough"), and **TD Bank National Association**, Cherry Hill, New Jersey, as paying agent ("Paying Agent") pursuant to a resolution adopted by the Borough on November 9, 2009 ("Authorizing Resolution"), in connection with the issuance and sale by the Borough of \$1,840,000, aggregate principal amount, General Obligation Bonds, Series of 2009 ("Bonds").

The Borough is authorized to issue the Bonds: (i) pursuant to the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented ("Local Bond Law"), (ii) by virtue of ten (10) ordinances of the Borough enumerated and described in Schedule I annexed hereto and made a part hereof, all duly and finally adopted by the Borough Council, and published as required by law (collectively "Ordinances"), and (iii) a resolution adopted by the Borough Council on November 9, 2009 ("Resolution").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

#### **Section 1. Definitions**

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Disclosure Agreement, and, in addition, the following terms shall have the meanings specified below:

"Annual Financial Information" shall mean annual financial and operating data of the Borough of the nature contained in the Official Statement of the Borough relating to the Bonds, dated \_\_\_\_\_ ("Official Statement"), under the headings "CERTAIN TAX INFORMATION" (p. \_\_), "INDEBTEDNESS" (p. \_\_), "2009 Municipal Budget-Current Fund" (p. \_\_), "Water and Sewer Utility Fund" (p. \_\_), "Capital Program" (p. \_\_) and in the Appendix 1 thereto. The financial statements comprising the Annual Financial Information are prepared according to accounting methods and procedures which conform to generally accepted accounting principles as applied to governmental entities.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Borough or the Paying Agent is authorized by law or contract to remain closed.

“Disclosure Representative” shall mean the Chief Financial Officer of the Borough or such other official or employee of the Borough as the Mayor shall designate in writing to the Paying Agent.

“EMMA” shall mean the Electronic Municipal Market Access System maintained by the MSRB.

“Material Event” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement, if material within the meaning of the Rule.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with their purchase and reoffering of the Bonds.

“Registered Owner or Owners” shall mean the person or persons in whose name a Bond is registered on the books of the Borough kept by the Paying Agent for that purpose in accordance with the Resolution and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term “Registered Owners” shall also mean and include, for the purposes of this Disclosure Agreement, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds. Owners of book-entry credits may file their names and addresses with the Paying Agent for the purposes of receiving notices or giving direction under this Disclosure Agreement.

“Repository” shall mean each nationally recognized municipal securities information repository under the Rule. **As of the date hereof, the Securities and Exchange Commission has appointed EMMA to act as the sole Repository.** Any information filed in connection with this Disclosure Agreement shall be filed with EMMA at <http://emma.msrb.org/> and any future Repository as may be required under the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as such Rule may be amended from time to time.

All words and terms used in this Disclosure Agreement and not defined above or elsewhere herein shall have the same meanings as set forth in the Paying Agent’s Agreement, if defined therein, or in the Resolution, if defined therein.

## **Section 2. Authorization and Purpose of Disclosure Agreement**

This Disclosure Agreement is authorized to be executed and delivered by the Borough pursuant to Section 11 of the Authorizing Resolution in order to enable the Participating Underwriters to comply with the requirements of the Rule.

## **Section 3. Annual Financial Information.**

(a) The Disclosure Representative shall provide through the Paying Agent, to the MSRB in an electronic format as prescribed by the MSRB, at least annually, Annual Financial

Information, which Annual Financial Information and operating data shall include, at a minimum, that Annual Financial Information and operating data which is customarily prepared by the Borough and is publicly available;

(b) As soon as audited financial statements for the Borough are available, commencing with the audited financial statements for the fiscal year ending December 31, 2009, the Disclosure Representative shall file the audited financial statements with the Paying Agent. The Paying Agent shall promptly file the audited financial statements with the MSRB.

#### **Section 4. Material Events.**

(a) The Borough agrees that it shall provide through the Paying Agent, in a timely manner, to the MSRB, notice of any of the following events with respect to the Bonds if material within the meaning of the Rule (each a "Material Event"):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (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 or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of the Registered Owners of the Bonds;
- (8) Optional redemption of the Bonds;
- (9) Defeasance of the Bonds or any portion thereof;
- (10) Release, substitution or sale of property securing repayment of the Bonds;
- (11) Any change in any rating assigned to the Bonds; and

Any failure of the Borough to timely file the Annual Financial Information required by Section 3 hereof.

The foregoing first eleven (11) events are quoted from the Rule, and such listing is not to be construed as an indication that all such events are applicable to the Bonds.

(b) Whenever the Borough concludes that a Material Event has occurred, the Disclosure Representative shall promptly notify the Paying Agent in writing of such occurrence, specifying the Material Event. Such notice shall instruct the Paying Agent to file a notice of such occurrence with the MSRB. Upon receipt, the Paying Agent shall promptly file such notice with each Repository or the MSRB. Any filing with the MSRB shall be accompanied by the form annexed hereto as Exhibit "A" and made a part hereof.

(c) Notwithstanding the foregoing, the Paying Agent shall, promptly after obtaining actual knowledge of an event listed in clauses (a)(i), (viii) or (ix) notify the Disclosure Representative of the occurrence of such event and shall, within three (3) Business Days of giving notice to the Disclosure Representative, file notice of such occurrence with each Repository or the MSRB, unless the Disclosure Representative gives the Paying Agent written instructions not to file such notice.

(d) The Paying Agent shall prepare an affidavit of mailing for each notice delivered pursuant to clauses (b) and (c) of this Section 4 and shall deliver such affidavit to the Borough no later than three (3) Business Days following the date of delivery of such notice.

(e) The Paying Agent shall request the return from each Repository and the MSRB, of written acknowledgment or receipt of any notice delivered to each Repository and the MSRB. Upon the return of all completed acknowledgments of a notice, the Paying Agent shall prepare an affidavit of receipt specifying the date and hour of receipt of such notice by each recipient. Such affidavit of receipt shall be delivered to the Borough promptly after the return of all completed acknowledgements to the Paying Agent.

#### **Section 5. Amendment; Waiver.**

(a) Notwithstanding any other provision of this Disclosure Agreement, the Borough and the Paying Agent may amend the Disclosure Agreement or waive any of the provisions hereof, provided that no such amendment or waiver shall be executed by the parties hereto or effective unless:

(1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in identity, nature or status of the Borough or the governmental operations conducted by the Borough;

(2) the Disclosure Agreement, as amended by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver does not materially impair the interests of the Registered Owners of the Bonds.

(b) Evidence of compliance with the conditions set forth in clause (a) of this Section 5 shall be satisfied by the delivery to the Paying Agent of an opinion of counsel having recognized experience and skill in the issuance of municipal securities and federal securities law,

acceptable to both the Borough and the Paying Agent, to the effect that the amendment or waiver satisfies the conditions set forth in clauses (a)(i), (ii), and (iii) of this Section 5.

(c) Notice of any amendment or waiver containing an explanation of the reasons therefor shall be given by the Disclosure Representative to the Paying Agent upon execution of the amendment or waiver and the Paying Agent shall promptly file such notice with each Repository, at the time of filing of the Annual Financial Information filed pursuant to Section 3 hereof. The Paying Agent shall also send notice of the amendment or waiver to each Registered Owner (including owners of book-entry credits in the Bonds who have filed their names and addresses with the Paying Agent).

#### **Section 6. Additional Filing Requirements; Other Information; Duties Under the Resolution.**

(a) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB;

(b) The final Official Statement must identify by name, address, and telephone number the Disclosure Representative;

(c) Nothing in this Disclosure Agreement shall preclude the Borough from disseminating any other information with respect to the Borough or the Bonds, using the means of communication provided in this Disclosure Agreement or otherwise, in addition to the notices of Material Events specifically provided for herein, nor shall the Borough be relieved of complying with any applicable law relating to the availability and inspection of public records. Any election by the Borough to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Agreement or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the Borough shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

(d) Nothing in this Disclosure Agreement shall relieve the Paying Agent of any of its duties and obligations under the Resolution.

#### **Section 7. Default.**

(a) In the event that the Borough or the Paying Agent fails to comply with any provision of this Disclosure Agreement, the Paying Agent or any Registered Owner of the Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Borough or the Paying Agent to perform each and every term, provision and covenant contained in this Disclosure Agreement. The Paying Agent shall be under no obligation to take any action in respect of any default hereunder unless it has received the direction in writing to do so by the Registered Owners of at least 25% of the outstanding principal amount of the Bonds and if, in the Paying Agent's opinion, such action may tend to involve expense or liability, unless it is also furnished with indemnity and security for expenses satisfactory to it.

(b) A default under the Disclosure Agreement shall not be or be deemed to be a default under the Local Bond Law, the Resolution or the Bonds and the sole remedy in the event

of a failure by the Borough or the Paying Agent to comply with the provisions hereof shall be the action to compel performance described in clause (a) above.

#### **Section 8. Concerning the Paying Agent.**

(a) The Paying Agent may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Paying Agent shall not be answerable for the default or misconduct of any attorney, agent, expert or employee selected by it with reasonable care. The Paying Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement, except only its own willful misconduct or negligence.

(b) The Borough shall pay the Paying Agent reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including reasonable fees and expenses of its counsel or other experts, as shall be agreed upon by the Paying Agent and the Borough, and, to the extent permitted by law, the Borough shall reimburse the Paying Agent for any amount of any direct liabilities, costs and expenses which it may incur in the exercise and performance of its powers and duties hereunder, except with respect to its own negligence or willful misconduct. Nothing in this clause (b) shall be deemed to constitute a waiver of governmental immunity by the Borough.

(c) The Paying Agent shall reimburse the Borough for the amount of any direct liabilities, costs and expenses which the Borough may incur in connection with or relating to the negligence or wilful misconduct of the Paying Agent under this Disclosure Agreement.

(d) The Paying Agent may act on any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement; and the Paying Agent shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement in the absence of actual notice to the contrary.

#### **Section 9. Term of Disclosure Agreement.**

This Disclosure Agreement shall terminate (1) upon payment or provision for payment in full of the Bonds, or (2) upon repeal or rescission of Section (b)(5) of the Rule or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

#### **Section 10. Beneficiaries.**

This Disclosure Agreement shall inure solely to the benefit of the Borough, the Paying Agent and the Registered Owners from time to time of the Bonds and nothing herein contained shall confer any right upon any other person.

## **Section 11. Notices.**

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Agreement if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by telecopy with confirmation of receipt, addressed:

(a) To the Paying Agent at:

TD Bank National Association  
101 Haddonfield Road  
2nd Floor  
Cherry Hill, New Jersey 08002-4401  
Attention: Corporate Trust  
**Attention: Corporate Trust Department**  
Telecopy No.: (856) 482-5706

(b) To the Borough Representative at:

Borough of Laurel Springs  
Office of the Chief Financial Officer  
Municipal Building  
135 Broadway  
Laurel Springs, New Jersey 08021  
**Attention: Chief Financial Officer**  
Telecopy No.: (856) 784-5880

(c) To the MSRB at:

Municipal Securities Rulemaking Board  
1640 King Street, Suite 300  
Alexandria, VA 22314-2719  
**Attention: CDI**  
Telecopy No.: (703) 683-1930

## **Section 12. No Personal Recourse.**

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Borough (including without limitation, the Disclosure Representative), or of any successor body as such, either directly or through the Borough or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

## **Section 13. Controlling Law.**

The laws of the State of New Jersey shall govern the construction and interpretation of this Disclosure Agreement.

**Section 14. Successors and Assigns.**

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

**Section 15. Headings for Convenience Only.**

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

**Section 16. Counterparts.**

The Disclosure Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.



IN WITNESS WHEREOF, THE BOROUGH OF LAUREL SPRINGS, COUNTY OF CAMDEN, NEW JERSEY, has caused this Disclosure Agreement to be executed by the President of the Board and its corporate seal to be hereunto affixed and TD BANK NATIONAL ASSOCIATION, has caused this Disclosure Agreement to be executed by one of its Authorized Officers and its seal to be hereunto affixed, attested by one of its Authorized Officers, all as of the day and year first above written.

BOROUGH OF LAUREL SPRINGS

[SEAL]

ATTEST:

\_\_\_\_\_  
[Mayor ][President of Council]

\_\_\_\_\_  
Borough Clerk

TD BANK NATIONAL ASSOCIATION, as  
Paying Agent

[SEAL]

ATTEST:

By: \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Authorized Officer

## Exhibit "A"

### Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

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#### IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

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Provide nine-digit CUSIP\* numbers if available, to which the information relates:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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#### IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): \_\_\_\_\_

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP\* number(s), if available, of Issuer: \_\_\_\_\_

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

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#### TYPE OF FILING:

Electronic (number of pages attached) \_\_\_\_\_ ☐ Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: \_\_\_\_\_

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#### WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☐ **Annual Financial Information and Operating Data pursuant to Rule 15c2-12**

(Financial information and operating data should not be filed with the MSRB.)

**Fiscal Period Covered:** \_\_\_\_\_

B. ☐ **Audited Financial Statements or CAFR pursuant to Rule 15c2-12**

**Fiscal Period Covered:** \_\_\_\_\_

C. ☐ **Notice of a Material Event pursuant to Rule 15c2-12** (Check as appropriate)

- |                                                                                                          |                                                                                                              |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 1. <input type="checkbox"/> Principal and interest payment delinquencies                                 | 6. <input type="checkbox"/> Adverse tax opinions or events affecting the tax exempt status of the security   |
| 2. <input type="checkbox"/> Non-payment related defaults                                                 | 7. <input type="checkbox"/> Modifications to the rights of security holders                                  |
| 3. <input type="checkbox"/> Unscheduled draws on debt service reserves reflecting financial difficulties | 8. <input type="checkbox"/> Bond calls                                                                       |
| 4. <input type="checkbox"/> Unscheduled draws on credit enhancements reflecting financial difficulties   | 9. <input type="checkbox"/> Defeasances                                                                      |
| 5. <input type="checkbox"/> Substitution of credit or liquidity providers, or their failure to perform   | 10. <input type="checkbox"/> Release, substitution, or sale of property securing repayment of the securities |
|                                                                                                          | 11. <input type="checkbox"/> Rating changes                                                                  |

D. ☐ **Notice of Failure to Provide Annual Financial Information as Required**

E. ☐ **Other Secondary Market Information (Specify):** \_\_\_\_\_  
\_\_\_\_\_

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**I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:**

**Issuer Contact:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Tax Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email Address \_\_\_\_\_ Issuer Web Site Address \_\_\_\_\_

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Tax Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address \_\_\_\_\_ Relationship to Issuer \_\_\_\_\_

**Obligor Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Employer \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Tax Code \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address \_\_\_\_\_ Obligor Web Site Address \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_

Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

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**APPENDIX D**

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**FORM OF BOND COUNSEL'S OPINION**

## APPENDIX D

December \_\_, 2009

Re: \$1,840,000, Aggregate Principal Amount  
Borough of Laurel Springs, County of Camden, New Jersey  
General Obligation Bonds, Series of 2009

To the Purchasers of the Within-Described Bonds:

We have served as bond counsel to the Borough of Laurel Springs, County of Camden, New Jersey ("Borough"), in connection with the issuance and sale by the Borough of the referenced bonds ("Bonds"). The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented ("Bond Law"); (ii) ten (10) bond ordinances of the Borough, duly and finally adopted by the Borough Council ("Council") on various dates and published as required by law (collectively, "Ordinances"); and (iii) a resolution of the Borough, duly adopted by Council on November 9, 2009 ("Resolution"; together with the Ordinances, sometimes hereinafter referred to collectively as the "Legislation").

The Bonds are being issued to provide funds which, together with certain other funds of the Borough, will be used to (i) permanently finance the costs of various capital improvements to be made as general improvements in and for the Borough, as more particularly described in the Ordinances; and (ii) pay the costs of issuance of the Bonds.

The Borough has covenanted in the Resolution that: (i) it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or applicable with respect thereto ("Code"); (ii) it will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Borough, or take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code; (iii) it will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds and all proceeds thereof including, without limitation, restricting the yield on the investment of any moneys in the manner and to the extent necessary to comply with said Code Section; and (iv) it shall pay or cause to be paid from time to time all amounts, if any, required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may from time to time be applicable to the Note. The Borough has delivered a certificate ("Tax Compliance Certificate"), dated the date of delivery of the Bonds, setting forth the reasonable expectations of the Borough with respect to its use of the proceeds of the Bonds as of said date, and the facts, estimates and circumstances on which such expectations of the Borough are based.

To the Purchasers  
of the Within-Described Bonds

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Page 2D

In our capacity as Bond Counsel, we have examined such matters of law and such documents including, without limitation, such provisions of the constitution and statutes of the State of New Jersey, the Local Bond Law, the Legislation and such documents and instruments, comprised of the Tax Compliance Certificate, an opinion of the Borough Solicitor as to various matters, and the other documents and instruments listed in the closing index in respect of the settlement for the Bonds filed with the Borough Clerk, all as we deemed necessary to enable us to express the opinion set forth below. In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, records, certificates and other instruments examined, including, without limiting the generality of the foregoing, the Tax Compliance Certificate and on all matters of fact and law set forth in the opinion of the Borough Solicitor referred to above. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and have assumed that all of the Bonds have been similarly executed and authenticated.

Except with respect to paragraph 4 below, our opinion is given only with respect to the internal laws of the State of New Jersey as enacted and construed on the date hereof.

Based upon and subject to the foregoing, it is our opinion that:

1. The Borough is authorized under the laws of the State of New Jersey to issue the Bonds and the Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute the valid and binding obligations of the Borough, enforceable in accordance with their terms, except as may be affected by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the Borough has the power and the obligation to levy *ad valorem* taxes on all taxable property within the Borough without limitation as to rate or amount, except as may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.

4. (a) Under existing laws, regulations, rulings and judicial decisions, interest on the Series A Bonds: (i) is excludable from gross income for federal income tax purposes; and (ii) for purposes of computing the federal alternative minimum tax (A) is not a specific preference item, and (B) is not included in adjusted current earnings.

(b) In the Resolution, the Borough properly designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3) of the Tax Code and, accordingly, assuming the accuracy of the pertinent representations made by the Borough in the Resolution, banks, thrift institutions or other financial institutions owning the Bonds and subject to Section 265 of the Tax Code are allowed a deduction for 80% of that portion of such institutions' interest expense allocable to interest on the Bonds, it being understood, however, that no opinion is rendered with respect to any

To the Purchasers  
of the Within-Described Bonds

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Page 3D

deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds (or a related person) to purchase or carry the Bonds.

The opinion set forth in subsection 4(a) regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the Borough with its covenants regarding federal tax law contained in the Resolution and the Tax Compliance Certificate. Failure to comply with such covenants could cause the interest on the Bonds to be included in gross income retroactive to the date of issue thereof. Although we are of the opinion that interest on the Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences, as to which recipients should consult their own tax advisors.

In rendering the opinion in subsection 4(a), we have relied upon representations and covenants of the Borough in the Resolution and the Tax Compliance Certificate concerning, *inter alia*, the use and investment of Bond proceeds and the use of the projects financed with the proceeds of the Bonds. In addition, we have assumed that all such representations are true and correct and that the Borough will comply with such covenants. We have not undertaken to monitor compliance with such covenants and no opinion is expressed as to federal tax consequences of ownership of the Bonds if (i) any such representations should be untrue, or (ii) the Borough should fail to comply with such covenants.

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This opinion letter is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We undertake no obligation to update or supplement this letter under any circumstance including if, after the date hereof, facts or events come to our attention or changes in law occur which could affect the opinions expressed herein. We express no opinion as to any matter not set forth in the numbered sections above including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary or definitive official statements prepared in respect of the Bonds including the appendices thereto, and make no representation that we have independently verified the contents thereof.

Very truly yours,

KUTAK ROCK LLP  
a Nebraska LLP